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# FINANCIAL TIMES

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D 8523A

JAPAN
Tokyo plays down its soaring trade surplus
Page 4

## World News

### Haughey denies Irish phone-tapping accusations

Irish premier Charles Haughey denied accusations that he knew of an illegal telephone-tapping operation in 1982, but his position, and that of his coalition government, is still in the balance.

He may still be forced out of office if his denials fail to convince either his own Fianna Fail party members or the junior coalition partners on whose votes his majority depends. Page 16

**Kinnock tax pledge**
UK opposition leader Neil Kinnock pledged that an incoming Labour government would reverse any pre-election cut in the basic rate of income tax as the government fuelled election fever by setting the Budget for March 10. Page 16

**Moslem leader held**
The provisional leader of Algeria's fundamentalist Islamic Salvation Front (FIS), Abdel Kader Hachani, was arrested by police in the Algiers suburb of Bacharah, a FIS source said. Meanwhile, the government banned all public assembly around mosques, the main meeting place for the FIS. Page 16; On God and democracy, Page 15

**Hong Kong attack**
Hong Kong politicians attacked Britain over the way it is handling the replacement of Sir David Wilson, the colony's governor, and its failure to name his successor. Page 3

**Yugoslavia move**
Serbia is to go ahead with creating a new Yugoslavia in spite of an appeal from Bosnia-Hercegovina and Macedonia for recognition as independent republics. Page 2

**Ontario spending cuts**
Ontario, Canada's richest province, ordered tight limits on spending on education, health and other services because its revenues have been reduced by recession and federal cutbacks. Page 8

**Arab homes raided**
Israeli troops and security forces raided Arab houses in the occupied West Bank and arrested dozens of Palestinians in a hunt for gunmen who have ambushed Jewish settlers. Settlement costs "hidden", Page 4

**Argentina offer**
Argentina wants to attract thousands of migrants from the former Soviet Union to populate the country's interior. Page 4

**Shuttle blasts off**
The US shuttle Discovery was launched on a week-long scientific research mission. It has a crew of seven, including a Canadian woman and a German man.

**Bush appointment**
President Bush named Andrew Card, deputy White House chief of staff, as transportation secretary. He will succeed Samuel Skinner, the new White House chief of staff. Page 6

**Airbus probe**
French civil aviation authorities said initial investigations had found no sign that a technical fault caused the crash of the Airbus A-320 near Strasbourg, killing 87 people. Pilots defend A-320s, Page 2

**Libyan goods stopped**
Germany approved an emergency decree forbidding the export to Libya of a consignment of goods that could have been used in a nuclear programme. Page 2

**Baltic gold returned**
Britain is to return gold worth £90m ($162m) to the newly independent Baltic states. They had it on deposit with the Bank of England in 1940 at the time of the Soviet takeover. Page 16

## Business Summary

### Maxwell investigators uncover seventh trust

A seventh secretive Liechtenstein foundation, the Hesto Trust, has been found by investigators probing an alleged scheme by the late Robert Maxwell to support the share price of Maxwell Communication Corporation.

It also emerged that at least £200m ($358m) missing from the public Maxwell companies and their pension funds was used to buy shares in MCC last year, and that to conceal the identity of the buyer, the orders were placed by Swiss and Liechtenstein trusts. Page 17

**MONSANTO**, US chemicals company, disclosed a 45.8 per cent drop in 1991 net profits to $296m. Page 17

**BANK OF JAPAN** governor said he detected a slight upturn in business confidence, in a comment designed to dispel the gloom about the state of the economy. Page 4

**BRUSSELS** is pressing for the abolition by the end of this year of internal EC border controls on the export of goods and technologies which could be used for military as well as civilian purposes. Page 2

**UK MANUFACTURING** output fell 1.2 per cent in three months to November raising fears that Britain was heading for its longest recession since Second World War. Page 7

**SWEDEN'S** 14 commercial banks are to provide SKr2.2bn ($381m) in subordinated loans to cover the losses of Gamlestaden, the real estate and finance company. Page 17

**UNION PACIFIC**, US rail group, increased fourth-quarter operating income 8 per cent to $359m. Page 20

**LEP GROUP**, the UK security and freight forwarding group, saw its already depressed shares halved to 8½p after announcing substantial write-offs against its property exposure. Page 17

**PEUGEOT**, the French car group, is forecasting a European market of 200,000 electric cars a year by the end of the decade and is committing at least "several hundred million" francs to take a 25 per cent share of it. Page 2

**GENERAL ELECTRIC**, US power systems and financial services group, reported a 2 per cent rise in fourth-quarter net earnings to $1.26bn. Page 20

**CANAL PLUS**, French pay-TV station, and the media arm of Lyonnaise des Eaux plan to take a 26 per cent stake in MCM/Euromusique, the French version of the MTV pop video cable channel. Page 18

**SECURITY PACIFIC**, Los Angeles-based bank being merged with Bank of America, unveiled an 80 per cent jump in 1991 bad debt provisions to $2.6bn. Page 20

**FEDERCONSORZI**, troubled Italian farm services group, should be able to pay creditors 78.9 per cent of what they are owed. Page 18

**BCCI**: The provisional liquidator of Bank of Credit and Commerce Hong Kong (BCCHK), said the local branch of the now defunct bank may reopen under another name in March. Page 19

**COPPER** mining in Zaire and Zambia, the world's biggest producers, is likely to be hit badly by the Aids epidemic, according to the Economist Intelligence Unit. Page 27

**CHANNEL** Tunnel contractors were freed by Britain's Appeal Court to renew their threat to stop work on £8bn ($14.3bn) project unless they are paid more money. Page 8

**MITSUBISHI ELECTRIC**, Japanese electronics company, is to treble output of computers at its Apricot plant in Scotland. Page 8

## President commits $645m and calls for world to 'pull together'

# US pledge to ex-Soviet states

By Lionel Barber in Washington

PRESIDENT George Bush yesterday called for a global effort to foster democracy and free markets in the former Soviet Union, and pledged $645m in fresh US technical and humanitarian aid to the newly independent republics.

Mr Bush's promise came at the opening of an international conference in Washington called by the US last month to co-ordinate aid to the republics.

It appeared to be aimed at defusing tensions with European allies which have criticised the US for dragging its feet on Soviet aid.

Amid fears that these tensions could disrupt the two-day conference, Mr Bush urged foreign ministers and senior officials from 47 countries and five international financial institutions to "pull together" to meet the historic challenge of winning the post-Cold War peace.

In his speech, Mr Bush paid tribute to the "courageous" economic reforms carried out by Mr Boris Yeltsin, the Russian president, but he acknowledged that the challenge of dismantling communism and centrally planned economies was enormous.

Ultimate success or failure rested squarely with the people of Russia, Ukraine, the Caucasus and Central Asia, he said.

Both Mr Bush and Mr James Baker, US secretary of state, who is hosting the conference, also praised the European Community, especially Germany, for shouldering a major burden of the food, medicine and other humanitarian aid to the former Soviet Union and the republics.

However, both men steered clear of discussing macro-economic reform, or offering a commitment of direct financial aid to support a stabilisation programme for the rouble or a "safety net" against the shock of radical economic reform - both of which are viewed as vital to the transition to a free market in Russia.

Mr Douglas Hurd, British foreign secretary, said the main industrialised countries would soon have to confront Russia's request for a multi-billion-dollar fund to stabilise the economy. It was "not far over the horizon," he said.

The US wants the International Monetary Fund and the World Bank to take the lead on macro-economic reform. Although both are offering technical advice, direct financial aid will be delayed until Russia, Ukraine, the Baltic states and other reformist republics take up full membership of these institutions – sometime before the end of this year.

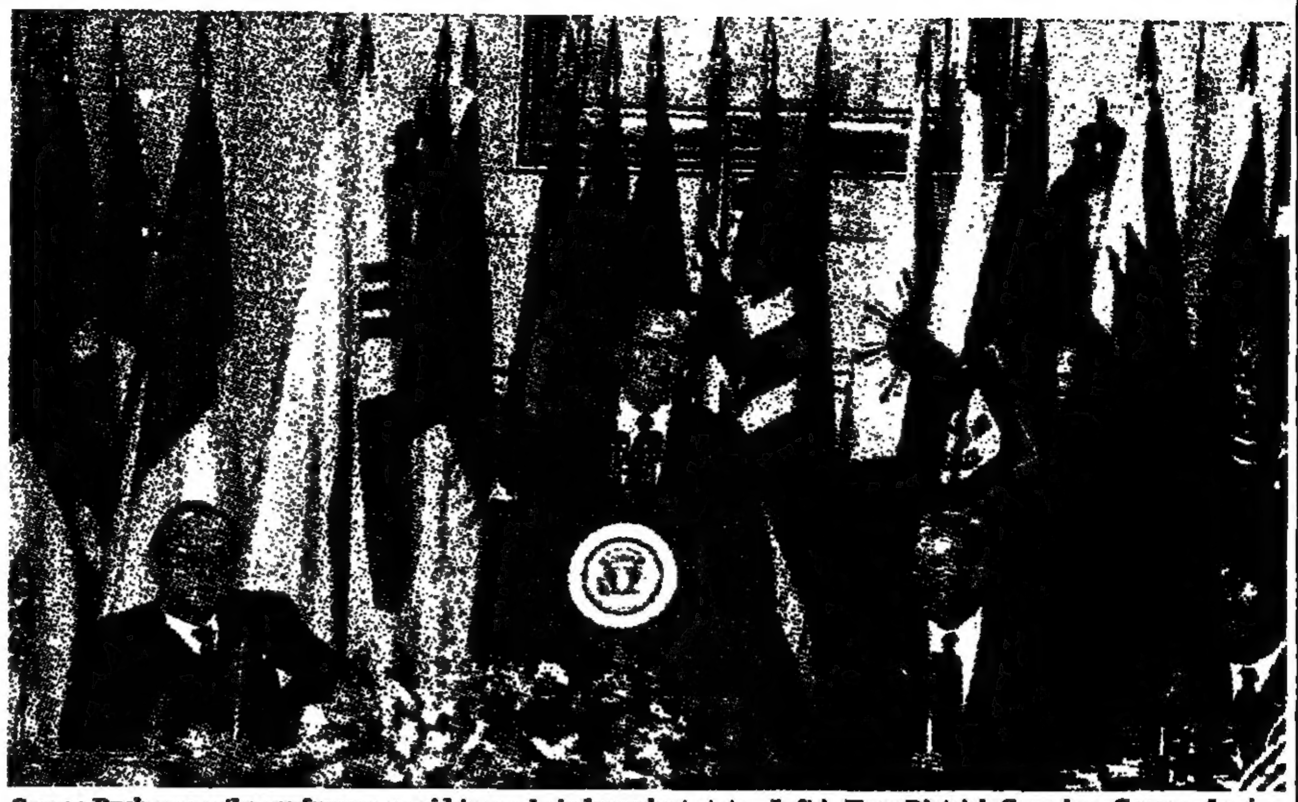
Mr Bush and Mr Baker made clear that participants should focus on strategies for ensuring efficient dispatch and distribution of humanitarian aid to meet urgent needs in all of the republics.

They left open the probability of a follow-up conference, likely to be held in Europe this spring.

Mr Baker acknowledged that the administration was under domestic political pressure to avoid large commitments of foreign aid. However, he called on Democrats and Republicans to "avoid the isolationist slumber" that gripped the US in the 1930s.

The extra $645m in US assistance remains contingent on congressional approval. It would bring total US aid to more than $5bn, although the bulk is made up of government-backed agricultural credits which benefit US farm exports.

EC food aid, Page 3



George Bush opens the conference on aid to newly independent states. Left is Hans-Dietrich Genscher, German foreign minister, to the right James Baker, US secretary of state, and Michio Watanabe, Japan's foreign minister

# German unions to hold strike ballots

By Christopher Parkes in Bonn

THE PROSPECT of industrial strife in west Germany loomed yesterday as pay talks in the steel and banking industries broke down and unions prepared for strike ballots.

Mr Peter Ulrich Schmithals, the steel employers' chief negotiator, said yesterday after 14 hours of fruitless pay talks with union leaders: "That was definitely our last negotiating attempt." Both sides, deadlocked over a 1 percentage point difference, refused to call in independent arbitrators.

Chancellor Helmut Kohl appealed again for moderate settlements. Forecasts had shown some weakening in economic growth, but, he added: "I see no recessionary tendencies – provided wage settlements are reasonable."

Steel unions have offered to reduce their claim of 10.5 per cent to around 6.5 per cent. However, Mr Ekkehard Schulz, chairman of Thyssen Stahl, which employs a third of all the country's steel workers, said recently that he would rather face a strike than pay more than 6 per cent.

The 100,000 members of the steel section of the IG Metall union will start a strike ballot on Sunday evening. The result will be known by Friday. A 75 per cent majority is needed for the industry's 135,000 workers to be called out on strike.

Union leaders said they had the resources to hold out for a long time. However, the outcome of the vote is uncertain because job security has become a real issue. The steel industry is in the throes of hefty rationalisation. Thyssen Stahl, for example, last week reported a 42 per cent profits slump for 1991, and warned of heavy job losses.

Observers said that market conditions and heavy stocks meant companies could weather a short stoppage.

There were early warnings of more stress to come as union leaders representing 360,000 engineering workers in the state of Hesse agreed to put in a claim for 9.5 per cent.

The 3m-strong OTV public service union, demanding a 10 per cent pay increase, has indicated its willingness to strike.

The white-collar HBV and DAG unions, representing banking and insurance workers, broke off negotiations yesterday and said members were to be balloted "soon" on strike action.

Lex, Page 16

# Bush promises to focus on economy

By Michael Prowse in Washington

PRESIDENT George Bush yesterday responded to fresh evidence of US economic weakness and to pressure from Republican conservatives by saying he would focus on measures to encourage jobs, investment and savings in his State of the Union address next week.

Mr Bush said he would avoid purely political measures that would hurt the economy by putting upward pressure on interest rates – a reference to pressure for tax cuts for middle income Americans. Conservative Republicans in Congress are attempting to steer Mr Bush away from the across-the-board income tax cuts championed by leading Congressional Democrats.

The Republicans have threatened to unveil competing proposals if the president fails to announce bold cuts in capital gains taxes as part of his bid to stimulate growth.

The Federal Reserve's latest "Beige Book" assessment of US regional economic trends, released yesterday, offered no evidence of economic recovery. Manufacturers reported steady or declining output in most districts and weakening domestic order books. There was no sign of a revival in consumer or business loan demand.

In a separate report, the Commerce Department said housing starts fell 15 per cent last year, making 1991 the worst year for the housing industry since 1945. Building activity declined in every region of the economy.

Analysts, however, drew some comfort from a mild recovery of starts towards the end of last year. Starts rose 2.6 per cent between November and December.

Mr Robert Reischauer, the director of the Congressional Budget Office, an independent adviser to Congress, said he expected lower interest rates to spur a mild economic recovery in the second half of this year.

The CBO's semi-annual economic forecast predicts growth at an annual rate of 0.9 per cent in the current quarter, rising to 2.9 per cent in the second quarter and more than 3 per cent in the second half of the year.

Mr Bush's growth package is expected to include tax relief for first time home buyers, tax incentives for personal savings, faster depreciation allowances, lower capital gains taxes, tax relief for medical insurance and a rise in the personal exemption, possibly restricted to taxpayers with children.

Some conservative Republicans, however, are concerned that Mr Bush will fail to strike the right balance between short-term relief for hard-pressed individuals and longer-term measures to stimulate business investment.

CBO report, Page 6

# EC energy reforms could mean big savings for users

By Andrew Hill in Brussels

ENERGY USERS in the European Community could save "tens of millions of ecus" on their annual gas and electricity bills according to the European Commission, which yesterday approved plans to introduce a genuine internal market in energy.

The directives aim to open the gas and electricity networks to greater competition from the start of next year.

If agreed by member states, the largest energy users – steel and aluminium plants, large construction sites, chemical, glass and fertiliser factories – would be allowed to buy their gas and electricity from suppliers anywhere in the Community from January 1 1993. At the same time, energy distributors would be able to club together to gain access to the whole network, passing on savings to smaller consumers.

Assuming the legislation is successful, the same principles will be extended to smaller users from January 1 1996, but before then the directives will have to overcome fierce opposition from most EC gas and energy producers and a number of member states.

Mr Antonio Cardoso e Cunha, energy commissioner, said he could not quantify exactly how much would be saved by liberalising the system, but said the proposals marked "the end of the administrative system of price-fixing", which would be squeezed out by new market pressures.

In some cases, he said, the infrastructure needed for the cross-border transport of energy was not in place, but the directives would allow new companies to build gas pipelines and electricity lines.

The scheme would also encourage price transparency by forcing integrated energy companies to "unbundle" the accounting and management of their production, distribution and transmission activities.

Access to the network would be available to between 400 and 500 large industrial users of electricity, each of which consumes more than 100,000MWh of electricity annually, and to consumers of more than 25m cubic metres of gas a year. Distributors which account for 3 per cent or more of electricity or 1 per cent of gas consumption in an individual member state would also be entitled to shop around for better prices.

In October, Mr Cardoso e Cunha dropped more aggressive plans to break up energy monopolies using the Commission's powers when it became clear that some member states – in particular the Netherlands, Germany and France – would block such an approach. The Commission has not abandoned those powers, but he hopes the gradual approach will prove more acceptable.

Mr Nicholas Argyris, head of the Commission unit responsible for energy liberalisation, said yesterday the plans would still meet opposition, but he defended the directives as the best available option.

Background, Page 2

## CONTENTS

**The UK opposition's plans: tax changes in prospect**
An incoming Labour government in Britain would reverse any income tax sweeteners brought in by the current administration. The Labour leader says he would encourage "constructive debate" on constitutional reform – including the introduction of a proportional voting system rather then the current "first-past-the post" system. In an interview, Mr Neil Kinnock outlines his plans for the future....Page 14

## MARKETS

**STERLING**
**New York lunchtime:**
$1.8025
**London:**
$1.807 (1.8065)
DM2.8675 (2.86)
FFr9.775 (9.75)
SFr2.5375 (2.535)
Y222.5 (222.5)
£ Index 90.8 (90.7)

**GOLD**
**New York Comex Feb**
$358.3 (358.4)
**London:**
$357.3 (358.0)

**N SEA OIL** (Argus)
Brent 15-day Mar
$17.725 (17.625)

Chief price changes yesterday: Page 17

**DOLLAR**
**New York lunchtime:**
DM1.591
FFr5.4215
SFr1.4095
Y123.4
**London:**
DM1.5875 (1.583)
FFr5.41 (5.3975)
SFr1.4045 (1.403)
Y123.2 (123.1)
$ Index 61.8 (61.7)
**Tokyo close:** Y123.34
**US lunchtime rates**
Fed Funds: 4⅜%
**3-mo Treasury Bills:**
3.839%
**Long Bond:**
104¼
yield: 7.63%

**STOCK INDICES**
**FT-SE 100:** Yield 4.88
2,522.0 (−21.4)
**FT-A All-Share:**
1,206.38 (−0.7%)
**FT-SE Eurotrack 100:**
1,134.07 (−2.92)
**New York lunchtime:**
DJ Ind. Av.
3,231.68 (+8.27)
S&P Comp
414.90 (+2.26)
**Tokyo:** Nikkei
21,534.12 (+675.82)

**LONDON MONEY**
**3-month interbank:**
10 11/16% (10⅝%)
**Liffe long gilt future:**
Mar 97¼ (Mar 97 7/32)

EUROPEAN NEWS

# Senior Polish finance officials ready to quit

By Christopher Bobinski in Warsaw and Anthony Robinson in London

POLAND IS facing the loss of senior finance ministry officials, which could undermine economic policy planning at a crucial time for Mr Jan Olszewski's new centre-right government.

An IMF delegation is due in Warsaw next week to discuss economic policies being formulated by the new Polish economic team, led by Mr Jerzy Eysymontt, who heads the Central Planning Office.

Three senior officials who helped prepare the IMF-backed stabilisation package associated with Mr Leszek Balcerowicz, former finance minister, have said they want to resign. The government is still working on a draft budget for the last nine months of this year. This has been delayed for at least two weeks and will not be be ready until the end of February.

The three officials are Mr Stefan Kawalec, who came to the finance ministry with Mr Balcerowicz, Mr Andrzej Podsiadlo, first deputy minister, and Mr Wojciech Misiag, a ministry veteran who is directly responsible for putting the budget together. All worked closely with Mr Balcerowicz, who was dropped from the government and replaced as finance minister by Mr Karol Lutkowski.

The government, meanwhile, has announced the formation of a social economic committee, reporting to the cabinet, in an effort to streamline decision-making. It will be chaired by Mr Eysymontt and include the finance and labour ministers, and the central bank governor. Poland has been without a bank governor since Mr Grzegorz Wojtowicz was sacked last August after a financial scandal.

Mr Eysymontt, a critic of the previous government's tough fiscal and monetary policies, recently admitted that his plans to halt Poland's recession were limited by the need to guard against renewed inflation. He has toned down optimism that the decline in state sector industrial sales – down 40 per cent in two years – could be reversed this year. He now hopes sales will stop falling by the end of the year, with growth resuming in 1993.

A priest inspects a cross found in an Orthodox church destroyed in recent fighting near Petrinja

# Serbs seek support for rump Yugoslavia

By Laura Silber in Belgrade

SERBIA IS forging ahead with creating a rump Yugoslavia despite the appeal from Bosnia-Hercegovina and Macedonia for recognition as independent republics.

Mr Borisav Jovic, Serbia's representative on the Serb-controlled state presidency, yesterday went to the United Nations in an effort gather international support for the new Yugoslav state.

A Serbian government statement said: "It is in the interest of Bosnia-Hercegovina, Macedonia, Montenegro and Serbia to remain part of Yugoslavia, because of the high degree of integration and common interests," Borba, a Belgrade daily, reported yesterday.

Serbia this week announced a draft law as "the basis for the historic reconstruction of Yugoslavia". The law says local elections could be held by autumn for a provisional constitutional assembly comprised of 30 representatives from each republic.

Under President Slobodan Milosevic, Serbia has insisted that Yugoslavia continues to exist even after the international recognition of Croatia and Slovenia. Serbia is now stepping up pressure on Bosnia and Macedonia to remain part of a revamped Yugoslavia.

The parliament of Bosnia is tomorrow expected to approve a referendum on independence for the central republic's 4.4m population of Slavic Moslems, Serbs and Croats. Even Montenegro, Serbia's closest ally, this spring plans to hold an independence referendum. Macedonia has recalled its representatives from the dwindling ranks of the federal parliament and foreign ministry.

Bosnia and Macedonia have announced plans to introduce their own currencies, following the lead of Slovenia and Croatia. This would leave Serbia and tiny Montenegro as the only republics still using the Yugoslav dinar. Critics dismiss Serbia's plans to resuscitate Yugoslavia as an attempt to inherit the common property of the 72-year-old state.

The borders of the new state have yet to be determined. Tanjug said: "The borders would be democratically agreed by the nations which wish to remain in Yugoslavia."

However, the prospects for peaceful negotiations over borders remain slim. The Serb-dominated federal army controls one third of Croatia's territory, where local Serb leaders say they refuse to be part of an independent Croatia. Talks between the Croatian and federal military in Pecs, southern Hungary, late Tuesday night broke down when the two sides could not agree on the conditions of the army withdrawal from Croatia.

# Free movement of EC 'dual-use' goods sought

By Andrew Hill in Brussels

THE European Commission is pressing for the abolition by the year's end of internal EC border controls on exports of goods and technologies which could be used for military as well as civilian purposes.

Yesterday it approved a paper by Mr Martin Bangemann, internal market commissioner, advocating the rapid removal of barriers to the free movement of "dual-use" goods and technologies, which can include, for example, personal computers and high-technology machine tools.

However, certain member states – notably Germany and Britain – are not convinced their EC partners will be able to bring export controls up to the required standard quickly enough. EC officials concede that a gradual reduction in internal controls may prove preferable to immediate opening of the market.

Internal EC export of dual-use goods and technologies is said to represent between 5 and 8 per cent of total intra-Community trade, but member states still impose on such exports a variety of controls often prepared according to widely differing criteria. "We want a reduction not an increase of bureaucracy," said one Commission official yesterday.

Having talked to all member states over the past 18 months, the Commission is calling for:

- a common list of dual-use goods and technologies subject to control;
- a common list of non-EC destinations for which controls might have to be applied;
- common criteria for the issuing of licences for EC exports;
- some mechanism for co-ordinating licensing and enforcement procedures;
- explicit procedures for administrative co-operation between member states.

Foreign and internal market ministers will discuss the Commission paper next month, and Brussels is expected to produce firm legislative proposals later in the year.

Until recently, EC states excluded the Commission from any talks about export controls. The scope of controls on dual-use exports to the old Warsaw Pact countries is set by the Paris-based Committee for Multilateral Export Controls (Cocom), members of which include most of Nato, Japan and Australia.

# Commission unleashes powerful forces

## Big energy suppliers will fight to keep their monopolies, writes Deborah Hargreaves

THE first faltering steps by Brussels towards opening the European Community energy market still face fierce opposition from established power suppliers reluctant to relinquish their clout as monopolies.

Many state utilities have great influence over their respective governments and could delay the approval of the Commission's draft directive on energy liberalisation.

"I'm not against competition, but it's clear to me that, if you change the system in this way, you run the risk of disturbing the security of supply," said Mr Robert Grosman at Electrabel, Belgium's main electricity supplier.

In order to combat some of this opposition, Mr Antônio Cardoso e Cunha, EC energy commissioner, has side-stepped the issue of central regulation for the emerging market and is leaving it up to the individual EC states.

The Commission will review the situation in 1995 to check whether competition is going ahead as planned.

Mr Jonathan Stern, energy expert at the Royal Institute for International Affairs, said: "It could mean that the legislation is put in place, but nothing happens in practice, because there is no-one to ensure that it does." He argues that those countries which face most opposition to the plans could just drag their feet on introducing the framework.

At the same time, some consumers are eager to push ahead more quickly with a fully competitive market. By initially restricting competition to customers using more than 25m cubic metres of gas or 100GW/hours of electricity a year, the Commission has ensured that only the largest users – such as makers of aluminium, steel, glass and chemicals – will benefit.

Companies will also have to be using that much power at an individual site, rather than on a company-wide basis, before they can canvass alternative suppliers.

For instance, Dow Chemical has 35 sites in Europe, but only five or six would show the high-energy consumption required. "This means the Commission is only scratching the surface on competition," said Mr Francesco Balocco, European energy supply manager at Dow. "We want a lot of new players to come into the market, but the only way that will happen is if there is a large enough slice of the market to warrant their participation."

Nevertheless, Brussels has had to tread carefully in order to deal with the sensibilities of most member countries. Even consumers are not united in wanting a swift approach to competition.

In Germany, where the Vereinigung Industrieller Kraftwirtschaft represents the interests of large and small power users, customers favour a slower pace. One consumer argues that, if the whole market were thrown open to competition, the results could be so chaotic that this would justify the opposition of the country's large regional monopoly power groups.

Regional power monopolies in Germany are entrenched in law, and consumers are calling for a strong legislative framework to overcome the current system.

Domestic consumers are unlikely to feel any benefits of a more open market before the end of the decade. In fact, many large electricity suppliers argue that the household customer could initially be paying higher prices for power to compensate for the increased investment companies will make in competing for large industrial clients.

To cite one area where competitive advantages may filter down to households, so the Commission hopes, large energy distributors may be buying power outside their home countries.

For example, in France, where 22 municipalities account for 4 per cent of gas sales, the largest distributors could band together to ensure their needs are greater than the 25m cubic metre threshold and buy cheaper gas from, say, the Netherlands.

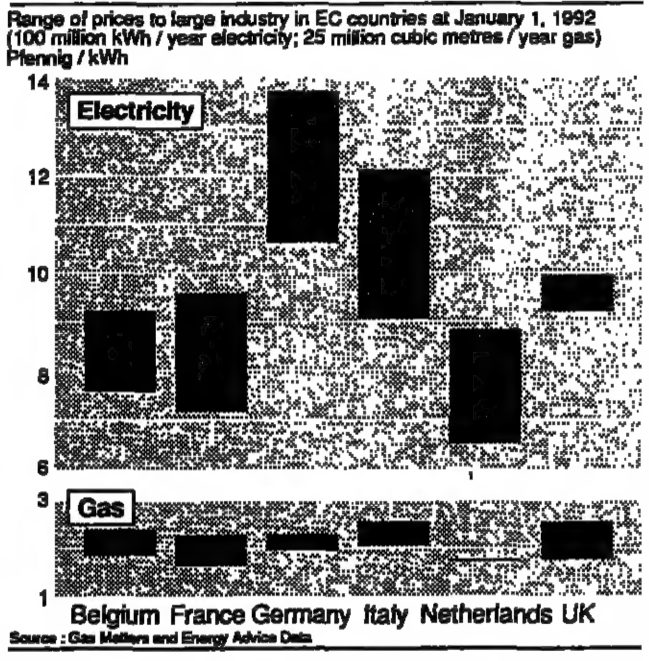
The UK has been most enthusiastic about greater competition in the power market since the main suppliers have been privatised over the past decade.

British energy companies are keen to expand on the continent and National Power and PowerGen, the two generating companies, refused to sign a paper put out by Eurelectric, the Brussels electricity lobby group, which opposed the Commission's plans.

"We argued against more competition here [in the UK] when it was first mooted in 1987," said Mr John Baker, chief executive of National Power. "We said it would not work and that security of supply would be endangered, but we've been proved wrong."

**Energy costs for industrial users**

Range of prices to large industry in EC countries at January 1, 1992 (100 million kWh / year electricity; 25 million cubic metres / year gas)



Source : Gas Matters and Energy Advice Data

# Energy commissioner sets light to a slow fuse

THERE IS no doubt about the destination of the European Commission's energy policy, however slow the journey, writes Andrew Hill in Brussels.

"Our aim is to transform the energy market in Europe – which is fundamentally national and based on administrative focusing of prices – and replace it with a European unit in which cross-border trade could be significant and prices would react according to negotiations between buyer and seller," Mr Antonio Cardoso e Cunha, energy commissioner, said in an interview last week.

Open access to gas and electricity networks is the legacy which the Portuguese commissioner would like to leave to his successors when he gives up the post at the end of this year, even if full third party access, as it is known, has to wait until 1996.

Mr Cardoso e Cunha took up the quest in 1989 when the French government complained it was being prevented from exporting electricity to Germany. Ironically, France – together with Germany, the Netherlands and most national energy producers – is now one of the principal opponents of the plan.

Faced with such opposition, and the scepticism of some of his fellow commissioners, Mr Cardoso e Cunha has toned down the original proposal to break up energy monopolies using special legal powers. This has "relieved the tension", he says, but he is still a firm believer in the value of liberalisation and increased transparency in the sector, particularly for the largest producers. "The unbundling concept [separating the management and accounting of production, transmission and distribution operations] could help the management of companies the size of Eléctricité de France," he says.

The British attempt to increase competition in the sector is one important model for a pan-European system. However, the Commission cannot force member states to change the ownership structure of their energy industries and is adopting a phased approach to the problem.

"The idea is to test the system with a reduced number of actors," says Mr Cardoso e Cunha.

# Bonn halts nuclear exports to Libya

By Quentin Peel in Bonn

THE German government yesterday approved an emergency decree to forbid the export to Libya of a consignment of goods with a potential use in nuclear technology.

The extraordinary measure follows the seizure of the goods last month at Frankfurt airport, en route from the US to Libya via the Netherlands, according to a government spokesmanMr Dieter Vogel. The German authorities acted on a tip-off from foreign intelligence sources.

Current German export control legislation does not give the government sufficient powers to bar the export of the goods, which Mr Vogel said "could be used for nuclear or other purposes."

By coincidence, the German government is set to present new export control legislation in the Bundestag today and the sudden revelation of the Libyan cargo appears to strengthen its case. The government has been attempting to persuade the parliament of the need for tougher export controls on sensitive technology – including the use of telephone tapping by the customs – for the past two years.

Reuter reported yesterday that the Libyan consignment was seized on December 10, as the aircraft carrying it was already cleared for take-off. The German authorities were asked to stop the cargo by the Dutch, who said their own export controls were not strict enough to act.

The agency quoted government sources saying the consignment included laser equipment and other items, ordered by a Dutch intermediary for delivery to "a Libyan agency which is known to be a procurement institute for the Libyan missile programme".

Mr Vogel would not confirm where the tip-off came from, but said the German authorities would not have acted without confirming the information themselves.

# Treaty with Prague set for signing soon

By Quentin Peel in Bonn and Ariane Genillard in Prague

GERMANY'S treaty of good neighbourliness with Czechoslovakia, delayed in ratification by conservative German demands for recognition of property claims in the former Sudetenland, will be signed by Bonn unchanged before the end of February.

The decision marks a victory for Chancellor Helmut Kohl and Mr Hans-Dietrich Genscher, his foreign minister, in facing down a threatened revolt by the Bavarian-based Christian Social Union (CSU), junior partners in the ruling coalition.

The argument and delay had threatened to irritate relations with Czechoslovakia, where Germany is by far the largest foreign investor.

But the CSU won a sop yesterday with the agreement of its coalition partners to adopt a German parliament resolution to strengthen the property claims of former Sudeten Germans, without affecting the text of the treaty.

The treaty itself makes no provision for any outstanding property claims, recognising the territorial integrity of Czechoslovakia, and the inviolability of its borders.

Under the present restitution law in Czechoslovakia, property confiscated before 1948, when the communists took power, cannot be given back to former owners. This has angered the 2.5m Sudeten Germans expelled from Czechoslovakia in 1945, mainly because their former properties are now being auctioned to local citizens under a small-scale privatisation programme.

It is still unclear what the German parliamentary resolution will say, although Mr Genscher's Free Democrats (FDP) are equally determined it will do nothing to alter the "spirit or meaning" of the treaty, let alone its text.

Bavaria, homeland of the CSU, is also the German state where the majority of former Sudeten Germans moved after World War II. They have since campaigned for property restitution, and see the new friendship treaty as a serious blow to their hopes.

Mr Theo Waigel, finance minister and CSU leader, has backed what he calls the "justified demands of the Sudeten Germans". But Mr Kohl and Mr Genscher have been more concerned to put German-Czechoslovak relations on a friendly footing, especially in light of Germany's rapidly reviving economic interests there.

# Peugeot in electric car drive

By John Griffiths

PEUGEOT of France forecasts a European market of 200,000 electric cars a year by the end of the decade and is committing at least "several hundred million" francs to take a 25 per cent share of it.

Mr Jean Yves Helmer, Peugeot Citroen car division director, said yesterday such a market could be achieved without Californian-style legislation forcing makers to sell a minimum number of electric cars.

Peugeot is preparing for commercial production of electric-powered Peugeot 106 and Citroen AX models within the next three years, predicting Europe could absorb 10,000 electric cars a year by as early as 1995. The cars are to be built alongside "conventional" models on existing Peugeot assembly lines. The group has already built or taken orders for some 500 electric Peugeot and Citroen vans.

Peugeot claims to be relatively unaffected by technical hitches which have marked the industry's attempts to develop viable electric vehicles. It says costs of buying and operating electric cars can compete with petrol or diesel equivalents.

# Turkey rules out closure of loss-making companies

By John Murray Brown in Ankara

TURKEY'S new economics minister, Mrs Tansu Çiller, yesterday ruled out early closure of loss-making state companies. She said such a decision would require consensus in parliament and among the Turkish public.

Rejecting criticism of her new programme as too cautious, Mrs Çiller said it was necessary for the coalition government to seek consensus.

Businessmen and economists are worried that without more radical measures it will not be possible to curb the public sector deficit, the main cause of persistently high inflation. The deficit is running at more than 11 per cent of GNP.

Mrs Çiller, an academic economist with no previous experience of government, has had a testing time since the formation of the coalition in November between her conservative True Path party and the Social Democrats who are less enthusiastic about market reforms.

Mrs Çiller last week announced the formation of a new independent privatisation agency to be staffed by businessmen and academics. However she conceded yesterday that the future of the loss-making enterprises which account for the main part of the deficit, was "still vague".

These include Zonguldak, the state coal company which alone employs 50,000 people. On the revenue side, the minister predicted that tax reform would generate an increase of between TL10,000bn to TL21,000bn ($1.86bn-$3.9bn) in 1992. Legislation to increase the effective corporation tax from 10 per cent to between 23 and 30 per cent was ready to go before parliament. However she said many of the proposed tax measures would only take effect at the end of 1993.

- Turkey and Russia have agreed to co-operate rather than compete over newly independent central Asian republics, the foreign minister, Mr Hikmet Cetin said yesterday, Reuter adds from Istanbul.

Turkey is pushing to expand economic ties with many former Soviet republics, especially the Moslem republics of Uzbekistan, Turkmenistan, Kirgizia, Tajikistan, Kazakhstan and Azerbaijan.

It would like to act as a bridge between the west and a region where it has ethnic, religious and cultural ties, but denies any ambition to create a pan-Turkic sphere of influence.

Mr Cetin said Russia would take over Soviet contracts to supply natural gas to Turkey.

# Airline pilots defend A-320s' safety record

By Daniel Green

AIRLINE PILOTS and industry observers yesterday defended the safety record of the Airbus A-320, the type of aircraft which crashed into a French hillside on Monday night, killing 87 people.

Pilots' organisations said that computerised controls, which have been at the heart of speculation over the safety of the A-320, had been in service in other aircraft for 20 years and added to aircraft safety.

Concern has arisen because the A-320 is regarded as the most technically advanced passenger aircraft flying, but there have been two other A-320 crashes since the model was launched four years ago. Subsequent investigations blamed pilot error for both accidents.

The Airline Users Committee (AUC), established by the US Civil Aviation Authority, said it was "concerned but not worried" about the record of the A-320. "The three Airbus crashes are so dissimilar that it would be wrong to jump to the conclusion that there is anything wrong with the technology," said Mr John Parr of the AUC.

International airline organisations were more reluctant to comment on the A-320 so soon after a crash. A senior executive at one of them said: "the aircraft's technology was the last thing that came to mind when I heard the news".

Statistics seem to support such a view. There were 10 air crashes into hillsides in 1991, according to unpublished figures from Fight International, the trade magazine. None of them was an A-320.

Some of the most vocal criticisms of the A-320 have come from pilots' unions, especially in France, where the Airbus is assembled. The unions have criticised the aircraft for using a small crew, two instead of the traditional three, and its computers, which can prevent extreme manoeuvres unless the pilot first switches them off.

The British Airline Pilots Association acknowledged that some pilots fear that controlling the aircraft in a crisis "could be complicated". It argued, however, that the technology used "has been accepted worldwide by pilots. It is very safe because computers are faster on the uptake than people".

No grounding of A320s, says French aviation chief Gourgeon

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## EUROPEAN NEWS

# EC food aid to 'pull down' Russian prices

By John Lloyd in Moscow

EC FOOD aid went on sale in Moscow and St Petersburg this week in an attempt to bring down soaring prices in markets and state shops.

Some 8,500 tonnes of meat, skimmed milk and butter have been delivered to the two cities this month, with supplies coming in at the rate of 400 tonnes a day, building up to 2,000 tonnes a day over the next few weeks.

Mr Michael Emerson, head of the EC delegation in Moscow, said prices had reached "exotic" levels, but were bound to come down as it became clear that average households could not afford them. He said prices being set for EC food would "probably" pull down the higher prices. The price agreed between the EC and the Moscow city government for a kilo of butter – Rbs56 – still represents a hefty rise on pre-liberalisation levels. The price in peasant markets and some shops is around Rbs130 per kilo.

Senior officials of the International Monetary Fund in Moscow yesterday warned that measures to privatise enterprises and shops must be taken quickly if the government is to reap real gains from liberalisation of prices.

The officials said that while the Russian government programme was proceeding "very much in the right direction, we would like to see action taken on budgetary and monetary policy, in view of the magnitude of the imbalances to be corrected"

Peter Norman, Economics Correspondent, adds: Finance ministers from the Group of Seven leading industrial countries will try to agree how to admit the republics of the former Soviet Union to membership of the IMF at their meeting this weekend.

G7 officials say there is broad agreement the republics should become IMF members as soon as possible. But difficulties concerning the size of their quotas, or membership subscriptions, to the fund and the representation of the republics on the IMF's executive board could cause delay.

Bonn cuts CIS credit, Page 4

A woman is crushed by a mob of shoppers after a Moscow department store received a delivery of baby clothes. Others tried to break into the shop

# Privatisation chief takes on nomenklatura

## Suspicion and corruption lie in the path of an ambitious sell-off, writes Leyla Boulton

MR Anatoly Chubais, Russia's privatisation chief, faces the awesome task of cutting his way through layers of inept and corrupt bureaucracy to involve a disillusioned and suspicious population in the world's most ambitious sell-off.

"If people have no faith in the process, there can be no privatisation," he said yesterday. The main danger was a popular belief that privatisation was just another means "for bureaucrats to get bribes".

Today, President Boris Yeltsin's government is due to present Russia's regional governors with instructions on how to implement its privatisation programme. The target for 1992 is to sell the trade and services sector, agriculture, transport, construction and small-scale light industry.

*One of the ten documents to* be approved at a cabinet meeting today sets out how property will be valued: nominal book-value will be the starting price for competitive bidding. Based on his previous experience as economic reform chief in St Petersburg, Mr Chubais has dropped as "impractical" the alternative of evaluating assets on the basis of estimated future profits.

The main weapon for combatting what Mr Chubais calls the "high" level of corruption in the state bureaucracy is to ensure that nothing can be sold outside a transparent auction or tender system.

Mr Chubais, one of the bright young reformers swept into office last October, said: "My task is to produce rules which will not give local and federal bureaucrats the right to determine who gets what. "That's why I am against any exemptions or benefits for this or that industry or enterprise."

In practice, this means, for example, that Moscow city government's plans to sell off property to staff at fixed prices – which has attracted applications from 8,500 shops and restaurants – will have to be reversed. As spelled out in the privatisation programme, employees get only 25 per cent of the business free of charge; the rest has to be sold at a competitive price.

The main target of uniform selling procedures is to stop so-called "*nomenklatura* privatisation" – attempts by state managers both in government ministries and at enterprises – to acquire or continue controlling property for themselves.

In Moscow, for example, city officials' fondness for kickbacks and reluctance to lose power appears to be one of the main reasons why there has been little privatisation so far.

"That was the situation until last week," explained one city official who asked not to be named. "The situation changed completely because Yeltsin banged his fist on the table and complained that although we had price liberalisation, we had no privatisation of shops. Now city leaders are moving because they realise their political survival is at stake."

Mr Andrei Vasiliev, spokesman for Moscow's State Property Agency, said that Taxipark No.1's 1,000 taxis will become the first business to be sold in a closed auction to 2,000 taxi drivers. He is less optimistic about the specific target of privatising most of the city's shops, restaurants and small enterprises over the next year, citing continuing wrangles between different city departments.

Along with the public discontent, Mr Chubais is also aware of a lack of enthusiasm among potential foreign investors, though those foreigners who are interested will only be able to take part in special investment tenders because their hard currency buying power would give them a big advantage over Russians.

## INTERNATIONAL NEWS

# Hong Kong 'kingpin of rapid Asian growth'

By David Dodwell, World Trade Editor

HONG KONG is set for strong growth through the 1990s, propelled by its role at the heart of south China's economy, and as a driving force behind fast-growing intra-Asian trade and investment, according to a leading Hong Kong economist.

Professor Edward Chen, head of the Centre for Asian Studies and a member of the Legislative Council, told a conference in London that China "could not possibly revoke" its commitment to economic reform.

He said the Chinese economy "already has a high degree of openness", with 20 per cent of its GNP accounted for by exports, and 16 per cent by imports – a development over the past decade that has made it the world's 15th largest exporter.

Prof Chen challenged rather simplistic models for the creation of an Asian trading bloc focused on Japan by foreseeing Hong Kong as the driving force within one of four interlocked economic zones in Asia, all of which can expect dynamic growth. These are

- "Greater Hong Kong", or the South China Zone, comprising Guangdong and Fujian provinces in China, as well as Taiwan and Hong Kong.
- Yellow Sea zone, focused on north-east China around Dalian, including Shandong province, and driven by investment from South Korea.
- Greater Indochina economic zone, driven by Thailand, and including Vietnam, Laos, Kampuchea and Burma.
- A zone focused on Singapore, including Indonesia and the southern part of peninsular Malaysia.

The increasing interdependence of these regions was underscored by the rising volume of intra-regional trade.

Hong Kong's pivotal role was highlighted by the fact that it was the world's leading investor in China (accounting for 65 per cent of all foreign investment), the second largest investor in Indonesia (after Japan) and the third largest foreign investor in South Korea, Taiwan, Thailand and the Philippines.

# HK politicians hit out at 'cavalier' UK

By Simon Holberton in Hong Kong and Alexander Nicoll in London

HONG KONG politicians yesterday attacked Britain over the way it is handling the replacement of Sir David Wilson, the colony's governor.

In a debate in the Legislative Council about Hong Kong's requirements of a new governor, many members criticised "the thoughtless and cavalier way" in which the British government announced his retirement, and the failure to name his successor. London announced in December that Sir David would leave some time this year.

The debate reflected the life breathed into local politics by the direct elections to some seats last September.

Mixed feelings in Hong Kong about the advent of this limited democracy were underlined, however, by speakers to a conference on Hong Kong's future in London yesterday.

Mr Stephen Cheong, a member of the Legislative Council, sharply criticised the United Democrats, who won a majority of the directly-elected seats. He said they insisted on interfering in Chinese political affairs and were undermining the Hong Kong government through their opposition to its policies. Mr Cheong said their "welfarist" approach could dampen the territory's laissez-faire atmosphere.

"Political agitations which threaten to destroy the fabric of our society, no matter how idealistic they sound, can only be detrimental to the long-term interest of the people of Hong Kong," Mr Cheong said.

Another senior member, Mr Allen Lee, also showed unwillingness to upset Beijing when asked about speeding up the democratic process. Although he noted that Hong Kong had originally sought a faster pace than was eventually agreed between Britain and China, and that Britain planned to raise the issue again, he said there was little hope of fighting China on the issue and that confrontation should be avoided.

Sir David told the London conference that following the direct elections, "it takes time for a new pattern to settle down." He advised his audience of businessmen not to be "put off by the froth created by that situation".

In the debate, Mr Martin Lee, leader of the United Democrats, said the new governor must defend the 1984 Joint Declaration which laid out the basis for the transfer of power from Britain to China in 1997. He should place the interests of Hong Kong above those of Britain and China, and fight for a high degree of democracy in Hong Kong.

# Boost for China's reformers

By Simon Holberton in Hong Kong

DENG XIAOPING, China's paramount leader, is visiting Shenzhen, in what observers see as a boost for economic reformers in China.

Shenzhen, located to the north of Hong Kong, is the show case of China's "open door" policy ushered in by Deng in 1979 when he created the special economic zones on China's southern coast. It has the highest per capita income in China and has been the engine for growth in Guangdong Province.

Deng, 87, who holds no formal position in the Chinese government but still wields considerable power, is rarely seen in public and meets few foreign leaders.

Diplomats in Beijing and Hong Kong said that Deng's visit could be a prelude to an acceleration of economic reform in China – a topic much in discussion among the leadership. There have been many reports in the mainland Chinese press calling for the reform programme to be speeded up now that the central government authorities have had some success in controlling the country's overheated economy.

"Their visits are pretty high profile and a deliberate gesture in support of the forces of reform," one said. "It suggests that the forces of reform are fighting back but, at the same time, that they need to."

## INTERNATIONAL NEWS

Bank of Japan chief says interest rate cuts will strengthen business sentiment

# Mieno detects rise in confidence

**By Stefan Wagstyl in Tokyo**

MR Yasushi Mieno, the governor of the Bank of Japan, yesterday said he detected a slight up-turn in businessmen's confidence, in a comment designed to dispel the general gloom about the state of the economy.

Speaking at a press conference after a meeting of the central bank's branch managers, Mr Mieno acknowledged the economy was in fact slowing at a pace faster than before. But the current downturn should be mild because of the growing impact of recent declines in interest rates, he said.

Bankers said Mr Mieno's remarks seemed aimed at influencing businessmen when they were preparing investment plans for the new financial year starting in April.

He has specifically expressed concern about the weakness of business sentiment in his recent public comments, including the statement he issued when he last cut the Official Discount Rate on December 30. He now believes the reductions in interest rates could be bearing fruit.

Nevertheless, Mr Mieno carefully hedged his remarks saying that it would be an exaggeration to say that the decline in business confidence which began in earnest last autumn had definitely come to an end.

He acknowledged that the weakness in the stock market could affect business confidence and economic activity. But it was unlikely to be a serious drag on growth.

Mr Mieno also welcomed the recent strengthening in the yen on currency markets, saying that in view of Japan's current account surplus it was desirable for the yen to be stable and firm. The yen closed unchanged in Tokyo at Y123.34 to the US dollar, keeping the gain of about Y4 it had registered since last week.

*Meanwhile*, in the stock market, equities rose sharply in thin trading following reports that the heads of the equity departments of the Big Four stockbroking companies had met to discuss ways of shoring up the market. The Nikkei index of leading shares rose 675.82 points to 21,534.12.

Indian security troops guard young men held for identification in Srinagar. The round-up came after Moslem militants fired rocket-propelled grenades ahead of the pro-Hindu Bharatiya Janata Party's call to hoist the national flag on January 26, India's national day

## Brussels suspends aid to Zaire

The European Community said yesterday it was suspending all aid to Zaire except for emergency humanitarian aid in protest at the suspension of a national conference to guide the country to democracy, Reuter reports from Brussels.

It said the decision of Mr Nguza Karl-I-Bond, the prime minister, to suspend the conference of government and opposition parties on Sunday "puts into question the possibilities of a democratic evolution in Zaire based on consensus."

### S Africa draft review

South Africa said yesterday it had suspended prosecution of draft dodgers while it weighed possible changes to whites-only conscription, Reuter reports from Johannesburg.

Mr Wynand Breytenbach, the deputy defence minister, said prosecutions of young men who refused to serve the compulsory 12 months' duty would be frozen while the government reviewed a report on possible defence changes by Gen Ian Gleeson.

### Congo shooting

Soldiers in Congo fired shots in the air and lobbed tear gas canisters in a confrontation with 2,000 pro-democracy demonstrators in the capital Brazzaville yesterday, witnesses said, Reuter reports from Brazzaville.

## Voting unlikely to settle the problems of Punjab

**K K Sharma** examines the prospects for next month's elections

A POWERFUL group of people in India argue that the Punjab elections finally scheduled for February 19, are not an answer to the troubled state's problems. This opinion is strengthened by the fact that the dominant factions of Akali Dal, the Sikhs' main political party, have decided to boycott the poll. Without the Akalis, elections will be a farce.

The Akalis want to be a part of the political process: all their factions have long demanded that democracy should be restored. But fear of the Sikh militants demanding full independence for the state forced the boycott.

Earlier this month, the militants' underground committee let it be known that it did not recognise the Akalis in the affairs of the religious community and directed them to boycott the poll. It's warning of "dire consequences" might have amounted to a death sentence. The boycott was promptly announced.

Many political parties – with elections finally scheduled after 56 troubled months, to elect 13 members to the New Delhi parliament as well as the state legislature – had wanted to field common candidates in recognition of the conditions in which it was impossible to campaign freely and where intimidation of candidates was a fact of life.

This may have been proposed originally by the Congress party in Delhi. But the policy was reversed when the party found itself needing Punjab's 13 MPs to help secure a majority at national level. With the main national parties now fighting each other, a clear outcome appears to be impossible.

The political package that the Indian government has in mind for Punjab therefore has an uncertain future, at best. It contains the transfer of Chandigarh, the common capital of Punjab and the state of Haryana, to Punjab, and a greater sharing of river waters.

However, this over simplifies the problem by suggesting that the Sikhs will be satisfied with concessions they have long rejected as peripheral.

There seems to be no attempt to tackle questions even Sikh moderates consider to be central, such as an apology for the central government's 1984 storming of the Sikhs' Golden Temple and the prosecution of people involved in the riots of that year in which thousands of Sikhs were killed. Moreover, other demands have since emerged, involving security-force excesses and civil-rights abuses.

These grievances, albeit often ill-defined, have been ignored for so long that even moderate Sikhs feel there is something to be said for an independent state. But this, says national government, cannot be considered. However, nine years of violence cannot be wished away by holding an election. Too much blood has been shed, of Hindus as well as Sikhs.

In recognition that the elections could be fierce and violent, the campaign period has been cut to two weeks, and the army deployed throughout the state.

Conditions remain far from normal, and experience has shown that militants can all-too-often attack soft targets, such as trains, kidnapping and killing at will. Last year, nearly 4,800 people lost their lives in militant violence. About 15,000 have been killed since 1985: Hindus and Sikhs, mostly innocent victims of the Punjab tragedy.

If there was a clear choice between the democratic process and violence – which there is not, since the militants have excluded themselves – the elections would mean something. As it is, the poll is being held because the national government, after maintaining for 56 months that free-and-fair elections could not be held, has nothing else to offer. There is no real Punjab policy.

## Portuguese campaigners set to turn spotlight on Timor killings

**By Patrick Blum in Lisbon**

ABOUT 50 Portuguese students and human rights campaigners were expected to leave Lisbon by boat last night for Dili, the East Timor capital, in a voyage designed to draw world attention to Indonesia's rule of Portugal's former colony.

Departure was due as soon as ship's documents were cleared. The Lusitania Expresso's voyage will take about a month, stopping at Darwin to pick up 50 more campaigners.

The organisers want to put a wreath in Dili's cemetery, scene of a massacre of civilians by Indonesian soldiers last November. An Indonesian inquiry recently said 50 people were killed when the army opened fire on mourners, but other estimates put the death toll at up to 100.

East Timor was abandoned by Portugal in 1975 and invaded by Indonesia shortly after. Jakarta's annexation of the territory was never recognised by the UN. Since then, widespread human rights abuses have been reported. Human rights organisations estimate that up to 200,000 East Timorese may have died from war and famine. Portugal is pressing its EC partners to take action against Indonesia. The voyage to Darwin is likely to embarrass the Australian government, which has signed oil-search pacts with Jakarta.

## Cambodia peace effort lacks cash

THE head of the UN peace-keeping operation due to be launched in Cambodia said yesterday it was short of money needed to implement peace accords, and raising more cash would not be easy, Reuter reports from Phnom Penh.

"It is true we have a shortfall in our budget and getting the funding approved for Untac (United Nations Transitional Authority in Cambodia) will not be easy," Mr Yasushi Akashi, a Japanese diplomat, said, on arrival in Phnom Penh on a fact-finding tour.

Under peace accords signed by rival Cambodian factions on October 23, Untac, numbering several thousand military and civilian personnel, is to supervise a ceasefire, the disarmament of four armies, and help administer the country while arranging free elections envisaged for 1993. So far, only a small advance UN military and civilian operation is in place.

Mr Akashi said he hoped Untac could be deployed before May, but acknowledged problems did exist. Since the Cold War ended, the UN had had to undertake many new operations. "New peace-keeping operations are launched and the payments of member states for these leaves something to be desired," he added.

He would try to hasten the approval of an initial $200m (£111.7m) budget for Untac. "But I am sure that more will be required later. This is an enormously complex project, probably unprecedented in the UN's history."

Full cost of the operation is expected to be more than $1bn. Also facing funding difficulties is the UN High Commissioner for Refugees' plan to repatriate 370,000 Cambodian refugees from Thailand. Diplomats say big problems exist in persuading UN member states to commit necessary funds for Cambodia.

## Israel hid settlement costs, says peace group

**By Hugh Carnegy in Jerusalem**

AN ISRAELI opposition group said yesterday it estimated the government spent at least Shk2.5bn (£600m) – about 15 per cent of the civilian budget – on Jewish settlements in the West Bank and Gaza Strip last year, principally on increasing settlement housing stock by more than half.

The issue of spending in the occupied territories is central to Israel's request for $10bn (£5.5bn) in loan guarantees from the US to help finance the absorption of mass Jewish immigration from the former Soviet Union. Mr James Baker, US secretary of state, is to discuss with Israel's ambassador in Washington today to discuss conditions for approving the guarantees.

Peace Now, a group which advocates giving up the West Bank and Gaza, said its study showed at least Shk1.8bn had been spent on building more than 13,000 houses in 1991, raising by 60 per cent in one year the total number of houses in the settlements.

Calling the spending "a financial swindle of immense proportions", the group said the government deliberately obscured the extent of its settlement activity to conceal from the Israeli public how much of the state's resources it was devoting to its ideological commitment to secure perpetual rule over the territories.

In reply, Mr Ariel Sharon, the minister of housing and construction, branded Peace Now as "sick informers". He said his ministry's budget for building in the West Bank and Gaza last year was Shk850m. He said it was necessary to build there now because it would not be possible after Palestinian autonomy was established, as envisaged in the current Middle East peace talks.

● Israeli Foreign Minister David Levy arrived in China yesterday for a breakthrough visit to establish diplomatic ties, Reuter adds from Beijing. Hours after his arrival, China confirmed it would take part in Middle East peace talks due to begin next week in Russia, the first time Beijing will participate in the US-Moscow brokered negotiations.

## WORLD TRADE NEWS

## Germany limits CIS trade support

**By Quentin Peel in Bonn**

THE German government yesterday agreed on a drastic restriction in export credit guarantees for trade with the republics of the ex-Soviet Union, setting a ceiling of DM5bn (£1.7bn) for the coming year - half the level of exports last year from east German enterprises alone.

The decision was taken in the light of Germany's soaring trade exposure with the Commonwealth of Independent States (CIS), and a huge backlog of applications for export insurance totalling DM70bn. The exposure of Hermes, the German export insurance agency, to the former Soviet republics now stands at almost DM30bn, compared with DM11.6bn at the end of 1990.

Exporters who have been given agreement in principle for insurance cover from Hermes will not have it renewed automatically if they fail to conclude their contracts in the coming weeks. Agreements in principle already given total DM23bn, while applications in the pipeline total a further DM70bn, according to the Finance Ministry.

The Cabinet also decided not to continue the special insurance regime for east German exporters, which meant that insurance cover was given for 100 per cent of their contract value until the end of last year.

The decisions are likely to have dire consequences for east German exporters although the chronic shortage of foreign currency in the CIS republics was already causing a sharp drop in finalised import contracts. The curbs in Hermes cover were demanded by Mr Theo Waigel, the Finance Minister, against the pleading of Mr Jürgen Möllemann, the Economics Minister. They will be reviewed in March, officials said.

For the time being, all German exports will be judged on two criteria: whether they will help the foreign exchange earnings of the ex-Soviet republics, and whether they mean life-or-death for an east German enterprise, which would otherwise have to be closed or supported with state funds.

## Japanese sell dizzy surplus as a short-term spectre

**Robert Thomson** on figures that belie fundamental changes in trade with the US, Europe and Asia

THE RETURN of Japan's 1991 trade surplus to the dizzy levels of five years ago gives the impression that the underlying trend remains unchanged in spite of the appreciation of the yen, a flurry of market-opening measures and the surge in foreign direct investment by Japanese companies.

But the daunting surplus – at $78.2bn, not far below the 1986 record of $82.7bn and a 50 per cent increase on 1990 – reflects fundamental changes in Japan's trading patterns. These include a decrease in the reliance on direct exports to the US market, a fact obscured by the recent heightening of trade tension between the two countries.

The trends of last year also highlight the potential for trade friction with the European Community, in coming months, and the likelihood of louder complaints from Asian trading partners, who are experiencing real rises in their bilateral deficits far larger than those on the US deficit with Japan.

Last year's figures also reflected China's emergence as a powerful trading economy.

**Tokyo trade officials yesterday said they plan to monitor Japanese carmakers' efforts to buy more US vehicles and parts and will report progress to Washington, Reuter writes from Tokyo. Some three quarters of Japan's trade surplus with the US is a product of the sales of Japanese cars and car parts in America.**

Sino-Japanese trade totalled a record $22.8bn, with exports from Japan rising 40.2 per cent to $8.6bn, and imports to Japan 18 per cent higher at $14.2bn, giving China a $5.6bn bilateral surplus.

While Japan's surplus has fallen as a share of total trade volume from 24.6 per cent to 14.2 per cent since 1986, its apparently unchanged value - in current prices - is the most obvious target for foreign criticism and a particularly tempting target for US Congress representatives in an election year.

The surplus in trade with the US rose 1.3 per cent last year to $38.45bn, the first increase in four years.

However, as a percentage of bilateral trade volume the surplus has fallen from 46.9 per cent in 1986 to 26.6 per cent last year. One problem is that Japan's imports from the US remain weighted towards commodities, the prices of which have been weak, while machinery of all kinds comprised only 34.2 per cent of the total last year.

Washington has sought to narrow the difference by pushing for a stronger yen, but the short-term effect of yen appreciation will be to increase the US dollar value of Japanese exports, widen the surplus and, perhaps, raise trade tension. But in spite of the harsh political environment, Japan's Ministry of Finance continues to suggest that the expansion of the surplus is a "misunderstanding".

Tokyo argues that "special factors" are responsible for the 1991 surge and that these factors will be less influential in the coming year.

These "special" conditions, reckoned to account for around 80 per cent of the increase, are: currency fluctuations, the post-Gulf crisis plunge in oil prices, "unusually" low commodity prices, and the collapse of Japan's financial "bubble".

But the Bank of Japan admits that these "special factors" also exaggerated the fall in the surplus from 1987 to 1990, when it bottomed at $52.1bn. For example, bank officials say luxury good imports were artificially high in the late 1980s, when financial speculation reached a peak.

Japanese officials hope that the taste for luxuries will return this year, although imports of art works are likely to remain flat and imported prestige cars now face much tougher competition from Japanese luxury models.

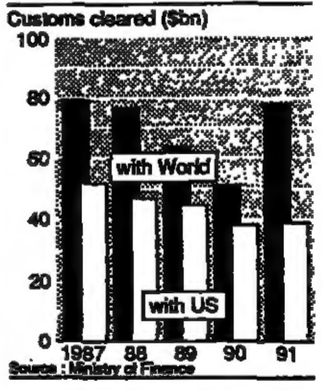
Slower demand for luxury goods contributed to the 48 per cent increase to $27.37bn in the surplus with the EC.

Tokyo suggests that another special factor, the rebuilding of the former east Germany, led to an unusual increase, 16 per cent, in exports to Germany.

Recession did not undermine European demand for Japanese products, and the stirrings of economic recovery are likely to produce a widening of surpluses.

**Japan's trade balance**

Customs cleared ($bn)



Source: Ministry of Finance

Exports to the UK last year rose 2.2 per cent to $11bn, while imports from the UK fell 4.1 per cent to $5bn, also reflecting the weaker demand for luxury goods and imported cars. Japan's exports to Italy rose 11.2 per cent to $3.8bn, while its imports from Italy declined 9.5 per cent to $4.5bn.

The sharp rises in Japan's exports to south-east Asia follow on from the establishment of manufacturing bases in these countries and the shipping of value-added components to these facilities.

Exports to Malaysia rose 38.6 per cent last year, those to Singapore increased 14.1 per cent and to Indonesia by 11.4 per cent.

Further to the north, exports to Taiwan rose 18.3 per cent and to South Korea by 15 per cent.

Dr Kenneth Courtis, senior economist at Deutsche Bank Capital Markets, said that a large share of Japan's component exports to Asia are for use in products ultimately destined for the US market.

He said Asia will again be an important source of export growth this year and that heavy investment at home by Japanese companies has put them in a superior position to take advantage of an upturn in the global economy.

Foreign financial houses in Tokyo and Japanese institutions generally predict that the overall surplus will surge in the first quarter, but rise slightly over the whole of this year.

They are agreed that the surplus is likely to surpass the 1986 record, and that it will definitely be a source of some political embarrassment for Japan's government.

## UK group nears deal on Kuwait base

A BRITISH consortium has obtained a letter of intent from Kuwait for work thought to be worth up to £200m to rebuild the country's main naval base, writes David White.

However, Taylor Woodrow, the construction concern which heads the British Kuwait Defence Group, said it was still unclear when a firm contract might be signed.

Its principal partners in the consortium are Wimpey and the shipbuilding company Vosper Thornycroft.

Taylor Woodrow and Wimpey were involved, along with Amec, in another consortium which won a contract last September for reinstating production at oil wells in northern Kuwait.

The letter of intent was announced yesterday by Mr Tom King, the UK defence secretary, in Kuwait on the last leg of a Gulf tour.

## A P Moller withdraws Danish oil fields plan

**By Hilary Barnes in Copenhagen**

POLITICAL interference has caused A P Moller, the shipping, oil and gas group, to withdraw a DKr3bn (£270m) development plan for three small oil and gas fields in the Danish sector of the North Sea.

In a statement yesterday the group said the Ministry for Industry had made conditions which were "entirely unacceptable".

The group would not spell out why it was dissatisfied, but the dispute is understood to concern the conditions for ownership and access to an 84km pipeline, linking several fields. The pipe was an integral part of the development plan.

In 1962, A P Moller received a 50-year exclusive concession to explore for oil and gas in both the Danish offshore and land areas. However, in the early 1980's a left-wing government forced the group to relinquish all but 1 per cent of the area to which the original concession applied.

Left-wing parties have now forced the non-socialist minority government to present A P Moller with tough conditions for the new development plan.

A P Moller is the operating company for the Danish Underground Consortium, the other members of which are Shell and Texaco.

Production from the Danish fields last year reached 7m tonnes, plus production of 3.5bn cubic meters of gas.

The development plan would have added about 15,000 barrels a day (about 800,000 tonnes a year) to oil output.

● The Finnish government yesterday agreed to supply Estonia with up to 100,000 tonnes of heavy fuel oil to help ease the acute energy shortage which is threatening to disrupt the heating system in the recently independent country, writes Robert Taylor from Stockholm.

## Trade burns bright on US presidential trail

Bush's ill-conceived Tokyo trip has exposed underlying tensions, writes **Nancy Dunne**

PRESIDENT Bush's ill-conceived trade mission to Tokyo exposed underlying tensions in the US-Japan relationship at a time when the presidential campaign already under way has made trade issues more prominent than ever.

The aftershocks of Mr Bush's visit are still being felt. In Tokyo, Mr Yoshio Sakaurauchi, the House speaker, issued a pro forma apology for suggesting that American workers are lazy and illiterate, but no amount of contrition will obliterate his boast that the US has become "Japan's subcontractor". It plays directly into fears in the American electorate, which has never quite accepted the contention that foreign-owned factories bring only "jobs, jobs, jobs".

In New Hampshire, on Sunday night, Governor Bill Clinton, the Democrat's early frontrunner, tapped deep into the vein of American resentment, calling it "one of the darkest days in my adult lifetime when a Japanese prime minister said he had sympathy for the American people".

In Washington, the Democrats have virtually been free to criticise the president's trip, because Republican defenders are few. Reports are circulating that the car executives in Mr Bush's entourage only learned they were to make the trip after reading it in the press.

In the past they have sought new voluntary import restraints, but this time they were told the policy was to break into the Japanese market, whether or not they had a marketable car to sell.

Around the country, newspaper headlines have been thundering about Prime Minister Kiichi Miyazawa's contention that pledges to double purchases of US cars by 1995 were "only a target...a kind of forecast."

It has been noted that President Bush's deal is the kind of "managed trade" he has always opposed.

Worry about the economy has been dominating the New Hampshire primary, and Japan provides an incendiary focal point. Sen Bob Kerrey is playing the Japan card to the hilt in one of his television commercials, vowing to "tell the Japanese if we can't sell in your markets, they can't sell in ours."

Neither Gov Clinton nor SenKerrey are protectionists. Both see the US troubles with Japan as rooted in the failure of the Reagan and Bush administrations to apply consistent pressure on Japan under the US trade laws on the books.

Sen Kerrey refuses to support the latest proposal by Congressman Richard Gephardt, the House majority leader, which would force Japan to reduce its trade deficit by 20 per cent a year over the next five years. That would be necessary "only if George Bush is re-elected," Sen Kerrey said.

Mrs Paula Stern, former chairman of the International Trade Commission and one of Gov Clinton's advisers, says he is a committed multinationalist who wants greater co-operation among the big three economic powers.

There are two protectionists in the presidential race – SenTom Harkin, the Democratic populist, and Mr Pat Buchanan, the president's Republican challenger, who vows, as "an America First president," to stand up to the "tough-minded nationalists" in Japan.

Sen Harkin is promising to "bash" President Bush instead of Japan. "He's doing what's in Japan's best interest, and we need a president who will do what's in our best interest."

Sen Max Baucus, chairman of the international trade subcommittee, took to the Senate floor on Monday, its first day in session, to contend that the trip "smacks of a political quick-fix to the Japanese trade problem."

If the president really wanted to solve US trade problems with Japan, he would have worked with Congress "to fashion comprehensive trade and competitiveness policy," Sen Baucus said. "Such a policy could make a real difference. Unfortunately, it could not be completed in time for the primary season."

It took the Wall Street Journal, that unremitting enemy of managed trade, to come to the president's defence, noting that the car parts deal could serve "a useful purpose" in changing Japanese behavior. "If the auto parts agreement leads Japanese multinationals to become more open to the rest of the world, then the end result of this flirtation with managed trade could be a freer world trading system," it said.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## AMERICAN NEWS

# Tepid US recovery expected in first half

**By Michael Prowse in Washington**

THE US recession is likely to end in the next six months but the recovery will be tepid, Mr Robert Reischauer, director of the Congressional Budget Office said yesterday.

The economy probably contracted at an annual rate of 0.6 per cent in the final quarter of last year, he said, but predicted growth at an annual rate of 0.9 per cent in the current quarter, rising to 2.9 per cent in the second quarter and to more than 3 per cent in the third and fourth quarters.

The projections were roughly in line with recent private-sector forecasts, which mostly predict a weak economic recovery in the second half of the year. The CBO, which is a non-partisan adviser to Congress, publishes semi-annual economic forecasts.

The latest report says federal spending will account for nearly 25 per cent of gross national product this year – the highest share since 1945. The federal budget deficit is forecast to reach $352bn, or 6 per cent of GNP, in the current fiscal year. This compares with a deficit of $298bn, or 4.8 per cent of GNP, last year.

The CBO is pessimistic about the prospects of reducing the deficit in the medium term. Its forecasts show the deficit falling slowly – from $325bn in fiscal 1993 to just under $200bn in fiscal 1996, before rising again.

Over the next six years, it expects the federal debt to rise by a total of about $1,500bn to $4,200bn.

The report says there is a significant risk that the economy could be weaker than forecast early this year, but it says a sharp decline is unlikely. This time last year, the CBO, like most private forecasters, wrongly predicted the recession would end last summer.

The study warns that the tepid recovery will reduce economic hardship no more than gradually in much of the country, putting pressure on the administration.

The weakness of the economy, made "further deficit reduction inadvisable this year", but the deficit should return to the top of the political agenda next year.

Buddy, can you spare a donation? Governor Bill Clinton, who is leading the Democratic presidential nomination race, blows a saxophone at a Washington fund-raising event for his campaign

# Bush picks transport secretary

**By Lionel Barber, US Editor, in Washington**

PRESIDENT George Bush yesterday named Mr Andrew Card, deputy White House chief of staff, as Transportation Secretary.

If confirmed by the Senate, he will succeed Mr Samuel Skinner, the new White House chief of staff.

The departure of Mr Card opens the way for a shake-up of White House staff, after a management review by a senior RJR Nabisco executive and friend of Mr Skinner.

The new chief of staff blames Mr Bush's recent slide in the opinion polls on poor communications and a staff structure which left the president over-reliant on advice from Mr Sununu and Mr Richard Darman, the budget director.

Recent reports suggest a chill between Mr Skinner and Mr Darman, with the chief seeking ways to break the director's near stranglehold on domestic policy.

Mr Card, a Massachusetts state legislator in 1974-1983, ran unsuccessfully for the governorship there in 1982. He served in the White House under President Reagan, and joined Mr Sununu in 1989 as deputy chief of staff.

# Ontario U-turn reins in public spending

**By Bernard Simon in Toronto**

A DEEPENING fiscal crisis has forced Ontario's New Democratic Party government to make a sharp U-turn in economic policy.

Canada's richest province, which less than a year ago proposed spending its way out of recession, now proposes to limit the rise in transfers to municipalities, schools and hospitals to 1 per cent, in the fiscal year from April 1, followed by 2 per cent in each of the following two years.

Mr Bob Rae, provincial premier, warned that further austerity measures would be required to rein in the galloping budget deficit. This is now projected, for the year to March 31 1993, at C$14.3bn (£6.8bn), far above the earlier estimate of C$8.9bn.

"We're facing tough choices," Mr Rae said in a television address. "We've got to find that balance between the cost of the services people need and expect, and what we can afford." Among the likely consequences of the clamp on transfer payments are higher university fees, longer delays in elective surgery and cuts in refuse collection and other municipal services.

Ontario contributes about 40 per cent of Canada's gross domestic output and is one of North America's biggest borrowers on international capital markets. Its economy – heavily dependent on the automotive, steel and forestry industries – shrank by an estimated 2.1 per cent last year, the biggest fall among Canada's 10 provinces. The provincial Treasury has revised its forecast of 1992 growth to 2.2 per cent, down from an estimate of 3.8 per cent.

Government revenues are expected to fall by 1.5 per cent in the fiscal year to March 31 1992, the first drop since 1945.

Mr Rae's social democratic government, in office since September 1990, drew strong criticism last year when it raised the 1991-92 deficit to C$9.7bn, three times the previous government's projection.

Pressed by a dispirited business community, the NDP recently started to shrink from interventionism. It shelved plans for a publicly owned car insurance scheme, delayed a proposed environmental "bill of rights" and softened a ban on Sunday shopping.

Business groups are fighting proposed changes to the provincial labour law, which would include a ban on hiring replacement workers at strike-bound companies. The Big Three North American motor companies warned last week that the changes would seriously damage Ontario's ability to attract new investment.

# Argentina tries to draw in ex-Soviet migrants

**By John Barham in Buenos Aires**

ARGENTINA wants to attract thousands of migrants from the former Soviet Union to populate the country's vast interior. Officials even hope that the migrants will bring millions of dollars in investment capital with them.

"We are considering immigrants who would bring capital to dynamise the economy. We are talking with the European Community to provide credits for potential migrants to settle and create companies in Argentina," said Mr Geraldo Molnes, the interior ministry's population secretary.

Argentina is the second Latin American country to offer to take such migrants. Venezuela said at the weekend it was seeking some with scientific and technical skills.

Argentina covers an area the size of India but a third of the population is in Buenos Aires, leaving most of Patagonia – the far south – sparsely inhabited.

Populating Patagonia has obsessed Argentine officialdom since it took control of the region early in this century, but the comforts of city life in Buenos Aires have been generally preferred to the distant steppes. Mr Molnes hopes any newcomers will go to Patagonia and to small cities in the interior.

The government hopes immigrants will begin arriving at a rate of 20,000 a year and quickly reach 100,000 a year. Mr Molnes denied that Argentina was discriminating against dark-skinned immigrants from nearby countries in favour of Europeans.

An EC diplomat, though, poured cold water on the notion: "They have not made a formal approach yet. In any case, some of us do not trust the Argentines, who give the impression of just wanting the money. Others, especially the Germans, say it amounts to trade in human lives. It could be done tastefully, but I doubt anything will come of it."

# Mexico gambles on parity with dollar

## Finance Minister Aspe remains confident despite uncertainties, says Stephen Fidler

THE finance ministers of Chile and Mexico, the countries that have pioneered Latin America's free market reforms, agree on much when they meet. But Chile's Alejandro Foxley thinks Pedro Aspe is courting disaster with his exchange rate policy.

If the Chilean is right, and the Mexican is wrong, there will be important consequences not only for Mexico's economy but also for Mr Aspe's political future. For the 41-year-old minister is viewed as one of the men most likely to succeed Mexican President Carlos Salinas in 1994.

Mr Aspe wants to move the Mexican peso to parity with the US dollar, perhaps within a year. At the end of 1991, he halved the rate of devaluation of the peso to a nominal 2.4 per cent a year. With Mexican inflation last year of 18 per cent, against 4 per cent and falling in the US, that appears to translate into a damaging loss of competitiveness for Mexico's exports.

The current account numbers may also suggest caution for a policy that implies real appreciation of the Mexican currency. The deficit rose to more than $11bn last year from just over $5bn in 1990, and will rise further this year, some forecasts suggest to $15bn.

Yet Mr Aspe, interviewed yesterday in London, appeared as sure as ever. Reducing peso depreciation bears down on inflation, the reduction of which is a top priority, and enhances investor confidence.

He says the growing current account deficit causes him no undue stress. Non-oil exports continue to grow at a healthy three or four times the rate of growth of the economy, which last year was 4.5 per cent.

Meanwhile, consumption has not played a large part in growth of imports, thanks in part to falls in food purchases from abroad. This has been due more to three years of good rain than any improvement in Mexico's low farm productivity, for which problem the administration has a longer-term plan including a dramatic constitutional reform.

Mr Aspe says the current account gap is largely because heavy investment has led to a sharp expansion of capital goods imports. As Volkswagen, Mercedes-Benz and Nissan tool up to produce cars in Mexico, they initially import machine tools. The current account thus deteriorates, before it improves as exports begin.

The corollary of the current account deficit is large inflows of capital. There is no government financing need, because it is running a budget surplus equivalent to 0.8 per cent of GDP, even before substantial privatisation receipts have been taken into account. (Privatisation receipts are used to cancel its domestic debt.)

The capital inflows are thus entirely a private sector phenomenon which – unlike in Britain in the mid-1980s, when a similar claim was made – are going mainly to finance increases in investment, rather than increases in consumption or purchases of assets at inflated prices.

Because the inflows inflate the money supply, they have been offset by the central bank's open market operations (the sale of securities to soak up money) and by selling state assets. If Mr Aspe's privatisations go according to schedule, "in 1993, I'll not have enough assets to sell," he says.

If the minister's forecast for inflation is correct – he expects it to drop just below 10 per cent this year – then his policy also implies a negligible loss of competitiveness. The inflation differential between the US and Mexico will be about 7 percentage points, of which 3 per cent will be offset by the peso devaluation, and a further 3 per cent by Mexican productivity growth – if, as expected, it follows the pattern of the last two years.

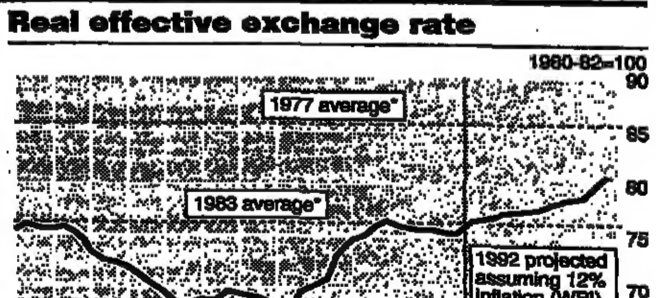
The big problems arise if Mr Aspe is too sanguine about inflation, and the key to that is the level of wage settlements in the Mexican economy. The government has, of course, significant influence over public sector wage settlements, which have started the year at around 15 per cent. He expects they will be down to 12 per cent by March and on track for his inflation target.

But he has little power to guide the fast-growing private sector. He says the first indications this year from the private sector are positive, suggesting settlements averaging 12 per cent. But it is early days.

In his doctoral thesis at the Massachusetts Institute of Technology, Mr Aspe wrote that it was tougher to get inflation down from 20 per cent to 5 per cent, than from 1,000 per cent to 20 per cent. "I still think it's true," he said yesterday. He is about to find out how tough.

Pedro Aspe

### Real effective exchange rate



*Averages for 1977 and 1983 are measures of exchange-rate equilibrium, as they followed years of major devaluations. Together, they form an equilibrium band that helps to evaluate the current value of the peso.
Source: J P Morgan

# Poor output points to depths of recession

By Emma Tucker and Peter Marsh

POOR INDUSTRIAL output figures released yesterday raised fears that Britain was heading for its longest recession since the Second World War.

Manufacturing output fell by 1.2 per cent in the three months to November compared with the previous three months. This points towards flat or negative output, excluding oil and gas, in the fourth quarter of 1991 – the sixth successive quarterly decline.

More bleak news came from a survey by the Association of British Chambers of Commerce. It reported a decline in business confidence in the final quarter of last year and said recovery was likely to be postponed from the second to the third quarter of this year.

The signs are that Mr Norman Lamont, the chancellor of the exchequer, will present his Budget on March 10 against the background of depressed activity in the economy. Provisional figures for fourth-quarter gross domestic product will be released on February 20. These are now expected to show that the economy resumed its downward path towards the end of last year after a minimal recovery in the third quarter on the strength of increased North Sea oil output.

According to figures from the Central Statistical Office, manufacturing output in November rose 0.1 per cent compared with October, but remained 4 per cent down on the year.

The Treasury said the figures confirmed that economic activity had been flat since the middle of 1991.

The weakest area in manufacturing continued to be engineering. Output fell by 2.6 per cent in the three months to November compared with the previous three and stood 7.1 per cent down on the year.

Output of metals, minerals, investment goods, food, textiles and aerospace products fell. Only output in the chemicals sector continued to rise, registering a 2.3 per cent increase in the three months to November compared with the previous quarter.

# Lloyd's Council retreats over planned reforms

By Richard Lapper

THE governing Council of Lloyd's yesterday backed down from its rejection of a proposed reform in the way the insurance market is run, in the face of widespread opposition.

The Council last week accepted most of the 65 recommended reforms put forward in a detailed report on *Lloyd's* future but rejected the proposed separation of its regulatory and business development functions.

Yesterday, however, Mr David Coleridge, chairman of Lloyd's, said the Council would now review the recommendations on governance in the task force report "in the same manner as the report's other recommendations".

The Council is to create a "working group" headed by Sir Jeremy Morse, a nominated member of the Council. Mr David Rowland, the insurance broker who chaired the task force, will also be a member of the team.

Mr Alan Lord, chief executive of Lloyd's, is understood to have accepted the change in spite of his threat to resign if the governance proposal was accepted by the Council.

He said the model proposed by the task force was unworkable and would have delayed other reforms.

Mr Lord's stance, however, appears to have been opposed by the majority of the agencies which manage Lloyd's syndicates and by the Association of Lloyd's Members (ALM), which *represents* the interests of over 9,000 Names, the individuals whose capital supports underwriting in the market.

Yesterday the ALM welcomed the change of heart. "It's a sensible way to go," said Mr Val Powell, the ALM's chief executive. "The working group will give these recommendations *the serious consideration* that they deserve."

Mr Paul Archard, the chairman of the Lloyd's Underwriting Agents Association, which represents more than 150 Lloyd's agents, described the decision as "excellent" and said it showed "good management and flexibility and that they are prepared to look at the issues in depth".

Mr Rowland said he was very happy with the outcome. "Its the end of the story. I hope we can get back to dealing with the rest of the task force report."

# Over 3,000 Names face £100m cash call

MORE THAN 3,000 Lloyd's Names are to be asked this week to meet a cash call for over £100m as a result of losses incurred in 1989 and 1990 by insurance syndicates formerly run by Gooda Walker, the managing agency which went into liquidation last September, writes Richard Lapper.

Four Gooda Walker syndicates, numbers 164, 290, 298 and 299, which specialised in catastrophe reinsurance, are affected.

The Names – individuals whose assets support underwriting on the Lloyd's market – were asked to pay £137m in a cash call last June but did not expect that further money would be needed until their syndicates announced final results for 1989 this June.

The losses are among the worst faced by any of the 400 Lloyd's syndicates trading in 1989, when the market's overall losses will be at least £1bn.

The cash call was triggered by the decision of two UK banks which had supported the syndicates to call in outstanding loans, according to Mr Ralph Sharp of GW Run-Off, a privately owned company managing the syndicates' affairs on behalf of affected Names.

The cash call will exacerbate the difficulties of the Gooda Walker Names, many of whom have been unable to pay last year's cash call.

Mr Sharp said £21m of last year's £137m cash call has still not been collected.

# Labour tries to seize initiative on taxation

By Ivo Dawnay, Political Correspondent

BRITAIN'S opposition Labour party yesterday dismissed Conservative claims that it is planning massive tax increases and launched a fierce attack on the government's taxation and spending record.

In a briefing timed to coincide with yesterday's House of Commons debate on the economy, Labour accused the government of raising the tax burden and squandering billions of pounds on under-priced privatisation share offers, benefits for the millions of unemployed and on the operation of the soon-to-be-replaced poll tax.

Mr Jack Cunningham, Labour's campaigns co-ordinator, produced figures showing that a couple with two children on average male earnings have seen their tax burden rise from 35.2 per cent to 37.5 per cent of income over the 13 years of Conservative rule.

Some £14bn of taxpayers' money had been wasted through the poll tax, the per capita charge to pay for local services and amenities, while payments of unemployment benefits had totalled £46bn since 1979, he said.

Ms Marjorie Mowlam, Labour's City spokesman, added that by undervaluing public assets in privatisation sales, the government had squandered £11bn, written off £18bn in debts and paid out £1bn in fees and commissions.

Labour also released a letter from Mr John Smith, the party's chief finance spokesman, to the prime minister, contesting his claim at question time on Tuesday that Britain would be the first country to pull out of recession.

Calculations by Consensus Forecasts for the Group of Seven leading industrial countries showed the UK at the bottom of the growth league tables for both 1992 and 1993, Mr Smith pointed out.

Labour also marshalled the moral argument for more public expenditure, claiming that voters' would reject a "crude" Tory appeal to selfishness and greed once the election campaign gets underway.

With politicians of all parties expecting a tax-cutting budget followed rapidly by an election, Mr Roy Hattersley, Labour's deputy leader, said it would be impossible for the Conservatives to confine the argument to tax cuts versus public spending. The coming general election campaign would focus attention on the entire Tory record over the past 13 years, he said.

**On the offensive: a *Labour* official prepares a party hoarding for yesterday's attack on the government's record**

# Lamont boxed in by election timetable

## Ivo Dawnay says the chancellor can only propose budget measures he can get enacted

COULD Mr Norman Lamont, the chancellor of the exchequer, use his budget on March 10 to present the electorate with an appetising *smörgasbord* of fiscal goodies, then, just two days later, have the prime minister call a general election and defy the Labour party to vote the measures down?

Britain's electoral and legislative machinery may be brutal, but it is not quite as barbaric as that.

Mr Lamont can certainly use his budget speech to present a picture of what future measures the Tories have in mind. He can – and undoubtedly will – also devote some part of it to spelling out Britain's glorious economic prospects. He can thus convey the message that voters' must choose between tax-cutting Tories and spendthrift socialists.

But what he cannot do is table a package of fiscal measures that he has no intention of actually passing through the House of Commons.

Budgets normally need at least eight weeks to complete their parliamentary passage and have until the beginning of the summer recess at the end of July to do so. With an election imminent, however, the chancellor must choose carefully among controversial items on his menu.

If, as some have suggested, Mr Major calls an election within two or three days of the chancellor resuming his seat on the green leather front bench, then Mr Lamont will know beforehand that there will be only two or three days of parliamentary time to get a bill through the House.

Under normal procedures, temporary budget "resolutions" are enforced as soon as the chancellor has spoken on the Tuesday. These allow only normal revenue activities to come into force for a limited period – for instance, the collection of income taxes and changes in cigarette duties.

After three days of debate – on the following Monday – two sample resolutions are presented, debated and passed, immediately prompting the full Finance Bill to be tabled. Some two to five weeks later the bill then comes to its formal second reading before passing the committee stage, navigating the House of Lords, the upper chamber, and returning for final Commons ratification.

If an election is to interrupt this process, the chancellor must table only what he knows he can get through in a few hours of Commons time. That process means the reach of the budget must inevitably be heavily curtailed.

The chancellor is not totally hedged in. He can use the "usual channels" – Commonspeak for informal negotiations with the Labour party – to compromise on the easier parts of the package like the simple annual uprating of inflation-indexed taxes or allowances.

But for the contentious, headline grabbing items – above all a possible cut in the standard rate of income tax – he must choose what is feasible and what is not.

With the heavy procedural weaponry in the government's hands, Labour would probably not be too difficult. It may also be in its interests to have a public debate on the merits or otherwise of a tax cut. Furthermore, to abandon all collaboration serves little purpose as Labour may soon find itself in government requiring opposition goodwill.

What is now fascinating connoisseurs of procedure is whether a skilled reading of the budget speech will prove sufficiently explicit to allow the election date to be predicted before the prime minister officially announces it.

# UK NEWS

CHANNEL TUNNEL

## Contractors freed to halt work

**By Andrew Taylor, Construction Correspondent**

BRITISH and French contractors building the Channel tunnel were yesterday freed by the British Court of Appeal to renew their threat to stop work on part of the £8bn project unless they are paid more money.

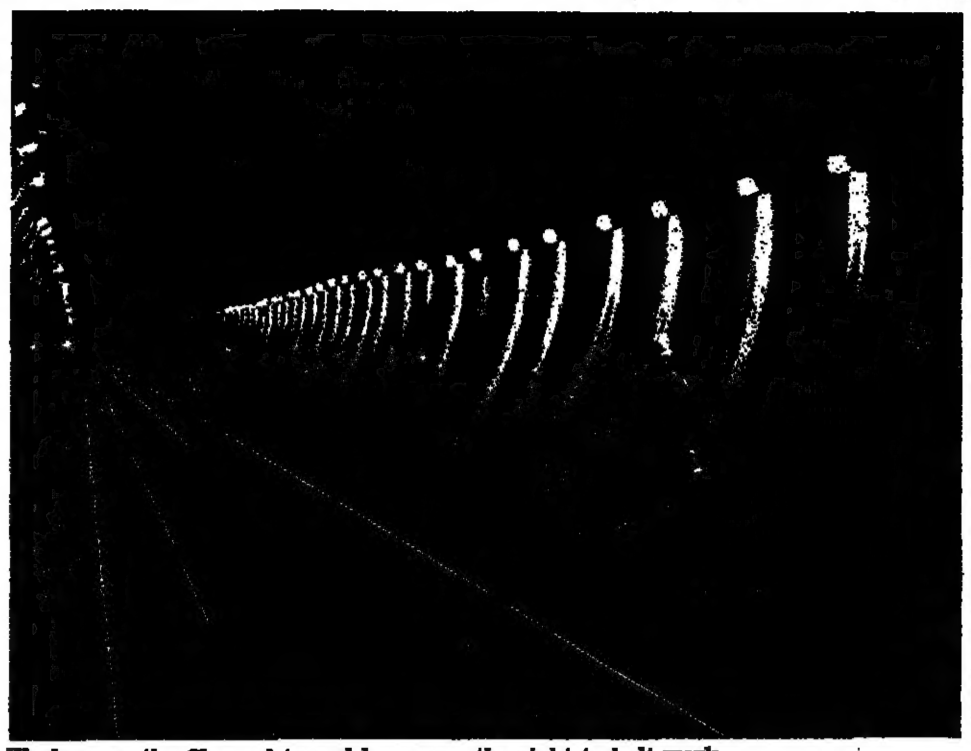
Lord Justices Neill, Woolf and Staughton said they would not grant an injunction preventing the contractors from halting work on a cooling system in the twin rail tunnels.

They also released the construction companies from a High Court undertaking that they would not halt work without giving 14 days warning to Eurotunnel, the Channel tunnel operators.

Eurotunnel said last night it was considering an appeal to the House of Lords, Britain's highest court.

Transmanche Link, a consortium of five British and five French construction groups, issued its threat to stop work last October after a row with Eurotunnel over who should pay for a huge increase in the cost of the project. Costs rose from £4.8bn in 1987 to £8.05bn.

The two sides are currently involved in negotiations on the dispute. A stoppage is unlikely while talks continue.



Workers on the Channel tunnel have won the right to halt work

Transmanche last month gave an undertaking not to halt work without prior warning after Mr Justice Evans made it clear in the High Court that he was prepared to grant Eurotunnel an injunction. Lord Staughton, however, said an English court should not grant an interim injunction in a disagreement which all the parties had agreed ought to go to arbitration overseas.

The Channel tunnel contract, which was subjected to both British and French law, provided for disputes to be referred first to a panel of three independent experts and then to arbitration in Brussels. Any application for an injunction should be made to Brussels, Lord Staughton said.

Transmanche claimed it was entitled to suspend work because of alleged breaches of contract by Eurotunnel in funding the installation of the cooling system. The dispute arose because the cooling system was not included in the original project design.

## Report urges reforms in UK teaching

**By Andrew Adonis**

RADICAL reform of primary school teaching practices, rejecting the "dogma of recent decades" and emphasising whole-class and subject-specific teaching, was urged yesterday in a government report on primary education.

"There is a need for fundamental changes in primary education", said Mr Kenneth Clarke, education secretary, responding to the report, which was produced by three primary school experts.

Ministers have no direct powers over primary school teaching practices, but the report will be sent to every school and teacher training college in England and Wales. Mr Clarke said he hoped it would "help to get rid of some of the rather silly practices which have crept into schools in recent decades".

The report highlights the marked decline in reading and numeracy standards revealed by last year's national tests for seven-year-olds.

It attacks the prevalence of "highly questionable dogmas which have led to excessively complex classroom practices and devalued the place of subjects in the curriculum", and urges instead an increase in single-subject teaching.

Pupils should be grouped by ability in each subject, according to the report's authors, who also have called for schools to have access to specialist expertise in all nine national curriculum subjects.

The report was broadly welcomed by the opposition and teacher unions. Mr Jack Straw, shadow education spokesman, said it was "an important contribution to the debate about teaching methods".

Confusion as lower courts rule computer evidence inadmissible

## Pressure mounts on poll tax

**By Robert Rice and Alison Smith**

THE government came under pressure last night to sort out the confusion surrounding the use of computer evidence in court cases in which local authorities are trying to recover unpaid poll tax, the controversial charge levied to pay for services and amenities.

Camden council in north London called on the government to "act now to end the poll tax chaos", following a decision yesterday by a lower court in London that the council was not allowed to rely on computer records as evidence of non-payment.

The decision, after five days of legal argument, follows a similar decision by a court in eastern England three weeks ago. Their decision prompted courts in Kent, south London, and in Liverpool to halt all their poll tax cases until the matter has been clarified. More than 4,000 poll tax cases have been adjourned since January 6.

Anti-poll tax groups have argued for months that computer-generated records are inadmissible as evidence in civil proceedings in lower courts because the 1968 Civil Evidence Act – which altered the law to allow their use in the High Court and county courts – was never extended by the government to cover such courts.

Home Office ministers last night were said to be redoubling their efforts to resolve the matter urgently.

They are aware that if they legislate to close the loophole in the law they will effectively admit that it exists, casting doubt on the validity of 5m poll tax cases dealt with since April 1990.

Ministers are also facing growing political pressure to find an early solution.

Mr Michael Portillo, the local government minister, told the House of Commons that if the government needed to legislate on the admissibility of computer evidence then it would do so.

Camden said yesterday that it would appeal to the High Court, but warned that because it could be several months before the appeal was heard, there was now a serious risk that unless the government acted quickly to change the law, the two-year limitation period on poll tax collection would be exceeded before the issue had been sorted out.

## Mitsubishi to treble output at Apricot plant in Scotland

**By Steven Butler in Tokyo and Alan Cane in London**

MITSUBISHI Electric, the Japanese electronics company, said yesterday it was planning to treble production this year at Apricot Computers, which it acquired in May 1990.

The aim is to make Apricot into an offshore production base for Mitsubishi, and gradually to increase Apricot's computer exports.

Apricot's activities will be broadened so that it will become an integrated computer manufacturer.

At the heart of the plan is construction of a 3,000 sq metre production facility in Scotland at a cost of about Y1.5bn (£6.55m).

Mitsubishi will be introducing technology for the attachment of integrated circuits on both sides of a circuit board. Production is to increase from 38,000 computers annually to 100,000 units.

It will mean a further 25 jobs, a 10 per cent increase in Apricot's workforce at the Glenrothes manufacturing plant in Scotland's "Silicon Glen".

As part of the expansion, Mitsubishi last year increased Apricot's paid-up capital from £3.2m to £12.6m.

The company, formerly the hardware arm of ACT Group of Birmingham, is now wholly owned by Mitsubishi Electric of Japan.

Dr Peter Horne, Apricot managing director, said the extension would house a clean room for surface mount technology, an advanced semiconductor technique in which microchips are bonded directly to both sides of printed circuit boards. At present Apricot sources some of its printed circuit boards from subcontractors.

Apricot is Mitsubishi's centre worldwide for workstations and open systems technology. The plan is to increase exports from 10 per cent of capacity to 25 per cent.

About half the exported systems are expected to be shipped to Japan.

# BRITAIN IN BRIEF

## Politicians fail to agree on Ulster talks

Northern Ireland's political leaders have failed to agree a time and venue for a "round-table" meeting to thrash out how obstacles to formal negotiations on the province's future could be overcome.

Mr Peter Brooke, Northern Ireland secretary, was engaged in careful diplomacy to arrange the meeting in order to revive his attempts to restart formal negotiations which ended last July.

Positive indications that they would take part came from all three out of the four leaders he wrote to late on Tuesday. The exception was Reverend Ian Paisley, leader of the Democratic Unionist Party.

Mr Brooke's original hope of a meeting of political leaders today has been abandoned. His invitation appeared designed to increase the pressure on them to come to the negotiating table, in spite of the nearness of the general election.

## Redundancies likely at BAe

Another round of job cuts is likely at the military aircraft division of British Aerospace (BAe), which has already announced significant closures and job cuts aimed at reducing its cost base.

British Aerospace confirmed that a further review of its Warton unit in Lancashire is under way as "part of the continuing review of the business situation".

The company was responding to a press report that the loss of 2,500 design and development jobs at the unit was due to be announced today. The Warton unit manufactures for the Tornado, Hawk and European Fighter Aircraft (EFA) programmes.

## Poor links cited on supergun

Senior officials from the Ministry of Defence claimed a lack of communication between government departments and within the MoD itself led to a failure to link British manufacturing contracts with the Iraqi "supergun" project.

The result was that British companies supplied components for Project Babylon, an Iraqi attempt to build several giant guns, even the smallest of which, the officials admitted, could have hit targets throughout Iran, Kuwait, and the oilfields of the Gulf.

Mr Nicholas Bevan, an MoD official, told the Commons trade and industry committee that the "compartmentalisation" of the MoD meant a materials expert who examined an Iraqi order for steel tubes from Walter Somers, the Halesowen steel company, and decided they had no military use, did not see a report circulated a year later warning that Iraq was attempting to build a high-velocity gun.

## Monitoring call on environment

Companies should be allowed to monitor their own pollution emissions and set their own environmental targets, according to the Institute of Directors.

The institute, with a membership of 48,000 company directors, wants government regulation of the environment used only as a last resort and enforced with a "light touch".

It is strongly opposed to the introduction of a carbon tax to reduce pollution that causes global warming. It says the carbon tax on fossil fuels being considered by the European Commission would put European business at a disadvantage and increase distortions in the energy market.

## Photos for credit cards

TSB Bank, the sixth largest UK banking group, is to offer some of its credit card customers the chance to have full colour photographs on their credit cards.

The move is another sign that the clearers, who are under pressure from the home secretary to put photographs on credit cards to help combat fraud, are breaking ranks on the issue.

## House sales remain flat

The government's decision to remove stamp duty – the mandatory tax – on house sales for eight months has so far failed to spark a revival in the housing market, according to a national survey of estate agents.

The survey conducted by the Royal Institution of Chartered Surveyors also revealed that house prices had continued to fall in many parts of the country during the final three months of last year

## Sir Charles Villiers dies

Sir Charles Villiers, the chairman of British Steel between 1976 and 1980, died yesterday at the age of 79.

He will be remembered for his stewardship of the corporation during a period when its ambitious expansion plans were brought to halt. He was both an *acute* critic of the failings of the corporation and British manufacturing industry as well as an optimist about the prospects for manufacturing in Britain.

During his chairmanship British Steel suffered heavy losses but began to cut back of plants and jobs in an attempt to gain the economies of scale necessary to reach world class levels.

## FT strike vote majority grows

A second strike ballot of Financial Times journalists has produced a slightly larger majority in favour of strike action if the management goes ahead with plans compulsorily to retire on health grounds nine people suffering from repetitive strain injury.

In the first ballot, which had lapsed, 71 per cent of journalists voted for strike action and 91 per cent for action short of a strike. In the latest poll, 83 per cent supported strike action and 93 per cent action short of a strike.

■ The sore thumb of Widnes and Runcorn Development
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FINANCIAL TIMES SURVEY

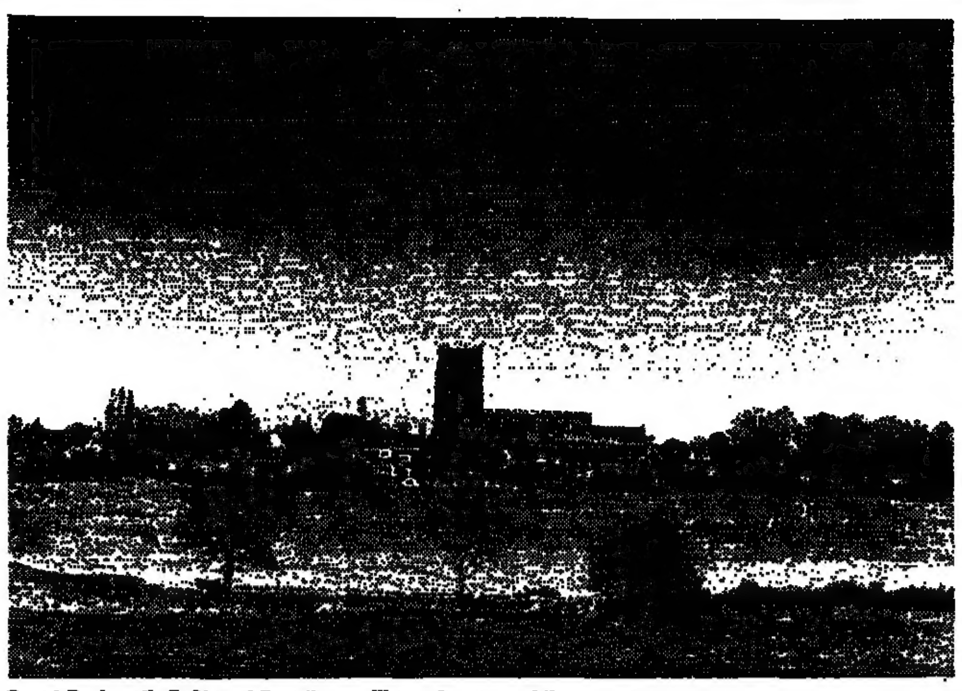
# CHESHIRE

Thursday January 23 1992

■ On the map – and within four hours of most of Britain
Page 3

Though the county outperforms much of the rest of the north in productivity levels, both of the major parties in the area, in spite of government opposition, favour new developments within the green belt near Chester to ensure economic growth, writes **Ian Hamilton Fazey**

## A tussle over growth



Great Budworth (left) and Prestbury village; in parts of the county house prices rival those of the south-east and have held up better in the recession (Pictures: Mike Arron)

THE GOVERNMENT is trying to stop market forces doing quite as well as they should in Cheshire, a small corner of England next door to North Wales. The county is falling victim to its own success.

A row is boiling up about 800 acres of green belt near Chester, which both the Conservative and Labour parties on the county council want for economic development. The Liberal Democrats are against.

So is the government at present, on the grounds that denying Chester will force investment into Merseyside, Cheshire's underperforming neighbour. Majority local opinion is that the government has failed to understand the precarious nature of Cheshire's success and its patchiness. In any event, can you make Merseyside richer by making Cheshire poorer?

Part of the problem is the county's image. Much of it is bucolic, dotted with ancient halls, old black-and-white timber-framed houses, the remnants of two royal forests, country pubs, villages with upmarket boutiques and antique shops, gourmet restaurants, country house hotels, BMWs, Mercedes estate cars, Range Rovers, Land Rover Discoveries and Mitsubishi Shoguns.

This is the Surrey-of-the-north, where house prices in villages near Macclesfield rival those of the south-east and have held up better in the recession. It is also a county that outperforms much of the rest of north in productivity levels and value added in manufacturing – but mainly because it has a large concentration of capital-intensive chemical industry.

It is a place where many people in Greater Manchester and Merseyside want to live. The population grew nearly 3 per cent in the 1980s. Though much was the forced growth of Warrington New Town in the former no-man's-land between Liverpool and Manchester, there was a steady gain of up to 2 per cent in five of Cheshire's other seven districts.

Numbers will probably pass the 1m mark by the end of the century. In Chester's case, the workforce is forecast to grow by more than 7 per cent in the next 10 years, so the city and district will need more jobs.

Cheshire's most recent success is Vauxhall Motors at Ellesmere Port. This once had the hallmarks of a branch factory forced into place by government regional policy. An underskilled workforce and poor equipment confined its goods to the less critical domestic market.

Now, £150m in new investment – plus £200m over three years for an engine plant – has given General Motors one of its best plants in Europe.

Vauxhall is at present building up production of the new Astra, 35 per cent of which will be exported. This year's output of 138,000 cars is assured, rising to 145,000 next year.

"People have made all the difference," says Mr Nick Reilly, the man in charge. "We have better training. There is more awareness of quality. We run in teams, with team leaders responsible for quality."

However, the factory also runs with only 4,700 people, compared with 11,000 in 1980. It is this sort of fall-out that has to be absorbed elsewhere – and in a county where people are arriving all the time.

Another success is the Manchester Ship Canal. Although Manchester's dockland has been transformed into a village called Salford Quays, Cheshire's is still a string of working wharves, terminals and docks along the canal between Ellesmere Port and Warrington.

The abolition of the national dock labour scheme in 1989 transformed productivity and profitability. Bulk traffic includes containers, chemicals, timber, foodstuffs and even draught Guinness.

In the south of the county, Foden was the first UK truck manufacturer to reach the BS5750 quality standard and is producing a series of new, award-winning 17-tonners at Sandbach. Paccar, its US owner, has just spent £4.5m on a new headquarters and engineering centre there, relocating its European office from Brussels in the process.

In the east, Siemens has burst at the seams in Congleton and has opened another centre just over the county boundary near Manchester Airport, an economic engine that does not recognise boundaries and drives growth in Cheshire's Macclesfield district as much as in southern half of Greater Manchester.

Warrington, only 20 minutes away from the airport by motorway, has also benefited. Its two science parks are full. The headquarters of British Nuclear Fuels – a major buyer of technologically-based design and engineering services – is the most notable presence.

Motorways have made the centre of Cheshire into the centre of Britain from a time-to-travel standpoint. About 95 per cent of the population is within a half-day's travel, so distribution and warehousing companies have mushroomed at Warrington, creating thousands of jobs.

Office rents in Wilmslow, next door to the airport but in Cheshire, are the north-west's highest. The move there from Manchester city centre of Refuge Assurance four years ago confirmed the area's prestige.

However, all this has caused an east-west divide, for Cheshire has generally done better where it borders Greater Manchester than where it borders Merseyside.

Widnes and Runcorn comprise Halton district, which borders Liverpool and Knowsley, and have enough urban problems to qualify for City Challenge regeneration funding from the government. The district of Ellesmere Port and Neston – sandwiched between Chester and Wirral, another Merseyside borough – is depopulating faster than anywhere else in Cheshire.

The staple industry of these two districts is chemicals, with ICI, Shell and Associated Octel contributing to a forest of columns, chimneys and plant along the southern bank of the ship canal from Ellesmere Port to Runcorn. Shell's investment in its Stanlow refinery alone is more than £1bn.

Politicised environmentalism is taking its toll, with tougher legislation and enforcement leading to fines for pollution, including £1m on Shell for a broken pipeline.

Public confidence in the industry has not been reassured by a series of alerts and mishaps, including leaks of toxic gases and chemicals and an explosion and fire, in the last two years. Uncertainty therefore clouds the industry's future and no one is predicting growth in jobs.

Meanwhile, Mr Michael Pitt, Cheshire's chief executive, points to growing worries about the recession's effect on Crewe, where Rolls-Royce Motors and Brel, the rail locomotive engineers, are large employers.

He says Cheshire is going to need all the new development it can get. "There is a good case for more incursion into the green belt. Both the Conservatives and the Labour party believe the government is getting it wrong," he says.

The land involved is within the new ring road which bypasses Chester to the south. This road not only links with the M56 and M53 to the north and east, but with a new dual carriageway to Wrexham – only 10 miles from Chester to the south – and with the upgraded road to the North Wales coast to the west.

Welsh local authorities support Chester's expansion because it will help its re-emergence as a sub-regional centre. Indeed, the economic and social forces involved take no account of the English-Welsh border, however wide the gulf between the Department of the Environment and the Welsh Office.

A new tunnel at Conwy puts Anglesey only 90 minutes from Chester, while much of north-east Wales is now within easy commuting distance of Manchester. The local view is that if Cheshire cannot be looked at in isolation from Merseyside, why should it be isolated from Wales, now a more important long-term neighbour, especially with the Toyota plant on Chester's boundary with Shotton?

Manweb, the electricity supplier, sees the Chester-Wrexham-Deeside area as part of a steady long-term development, in which its commercial sales to offices will grow at 4 per cent a year, compared with 2 per cent for industrial usage and 1 per cent on the domestic front, with Cheshire and North Wales continuing to compensate for Merseyside decline.

Mr Les Rogerson, the county council's group director of environmental services, sums up the majority local feeling: "We question whether the government understands what kind of county Cheshire is.

"The image is rural, with black-and-white houses and black-and-white cows, but 60 per cent of people live in towns and 20 per cent live in smaller places like Knutsford. We are trying to ensure economic growth in parts of Cheshire that need it. Stopping development here will not push it into Merseyside. It will probably go to Germany."

WIDNES AND RUNCORN DEVELOPMENT

# Sore thumb seeks new image

HALTON, one of the hybrid districts born during the local government reorganisation of 1974, has not made much impact since. Indeed, a survey carried out in south-east and north-west England last year showed that only 5 per cent of people knew where it is.

Its saving grace is that 95 per cent of the people polled knew where Widnes and Runcorn are. They comprise Halton, albeit as two separate units struggling to become one. The survey impelled the partnership of public and private sector bodies trying to regenerate the area to change its name from Halton to Widnes and Runcorn Development (WRD).

This may have improved Halton's chances of being found on the map but it has not yet done much for the area's image. Halton is the only part of Cheshire with enough problems to have been designated by the government as one of Britain's 57 urban programme authorities.

It sticks out like a sore thumb, with the fourth worst male unemployment rate – 17 per cent – in north-west England. Cheshire's comparable male rate is 11 per cent. Within the county, the Wirral and Chester travel-to-work area is two points worse off, but Widnes and Runcorn is wholly in Cheshire, while the Wirral is in Merseyside.

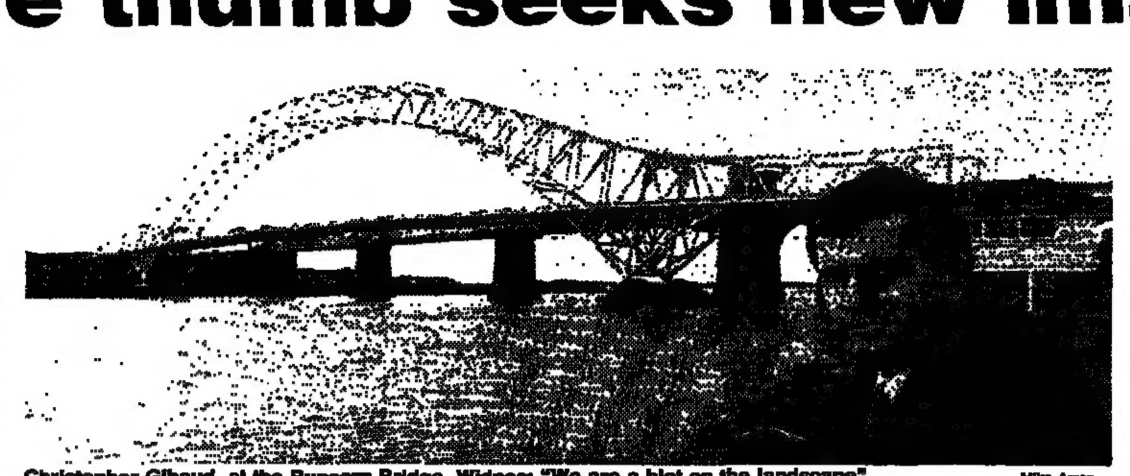
Mr Christopher Gibaud is chief executive of WRD and an imported specialist in economic development from Swindon via Peterborough. As he puts it: "Halton sits very oddly with Cheshire, which has an image of being a green and pleasant land. We are a poor relation, a Merseyside urban area, an industrial blot on the landscape."

Both Runcorn and Widnes are on Merseyside in the sense that they face each other at the narrows before the Mersey widens into estuary and mudflats between Ellesmere Port and Speke, but neither is in Merseyside in a governmental or, increasingly, cultural sense.

Before 1974, Runcorn was in Cheshire, Widnes in Lancashire. They had been joined by a road bridge – replacing a famous transporter bridge. And while an even more famous rail bridge had physically linked them for more than a century, its purpose was, and remains, the speeding of trains between Liverpool and London.

Indeed, part of Widnes' image problem is the view from these passing trains as they dawdle under speed restrictions along the elevated track to or from the bridge. Widnes railway station is not even on this particular track. Its claim to fame is as the place where Mr Paul Simon wrote "Homeward Bound" – an ode to misery – when still an impoverished and touring folk-club singer.

Runcorn also has an image problem. It was designated a new town and imported thousands of Liverpudlians in the 1960s and 1970s. The



Christopher Gibaud, at the Runcorn Bridge, Widnes: "We are a blot on the landscape" Mike Arron

were decanted from a developing urban crisis into a planners' concrete dreamscape which was soon christened Legoland.

This infamous housing is now well on the way to final demolition, but the trauma was damaging. Runcorn now has very attractive areas of new housing, but Halton has struggled for 17 years with trying to marry a working class corner of Lancashire on one bank of the Mersey with a small town of imported Scousers on the other.

Manufacturing industry predominates – and not for nothing is the wonderfully successful Widnes rugby league team called the Chemics.

Widnes mushroomed 120 years ago when Lancashire canal owners hiked the tolls for transporting Cheshire salt to chemical works in St Helens and beyond. The chemical industry upped sticks to the river bank to cut costs.

Runcorn developed later as the Manchester Ship Canal opened it up to bulk transportation of chemical feedstocks and finished products by sea. ICI now employs 9,000 of its 44,000 UK workforce in Widnes or Runcorn. Chemicals predominate, but related industries like food processing, drink, packaging, plastics, light engineering and chemicals spin-offs are also there.

Apart from the local district council, the only large providers of white-collar or professional jobs are ICI's offices and the Department of Employment, which has relocated 900 jobs from the south-east. Good communications ensure that managers and their families can live outside Halton in Cheshire's more salubrious or bucolic districts.

This is the background against which Halton district council and WRD are going to take on big city opponents in this year's City Challenge competition for urban funding from the government.

The competition is open to all 57 designated authorities and Mr Richard Stevens, the council's leg-man on the challenge, thinks Widnes is well on the way to fulfilling the necessary criteria to win a share of the prize money.

A solid, working partnership between public and private sectors is crucial to making the final short-list, and this looks well in train. WRD is chaired by Mr Geoff Wynne, ICI's director of Merseyside operations, with active support from British Oxygen, British Rail, British Waterways and the Commission for the New Towns (CNT).

CNT's presence is helpful for two reasons. Not only does it own large tracts of Halton's development land in the wake of the winding-up of Warrington-Runcorn new town development corporation, but it is also a government agency with a possible inside track in the competition.

What WRD wants is £5m a year for five years. The plan is to clean up derelict or soon-to-be redundant land blighted by the chemical industry, build new factories and offices so as to have premises ready to offer incomers, and finish the replacement of Legoland with better housing.

Widnes' currently dreary waterfront – which could otherwise be a problem when ICI withdraws from making Paraquat in the town as part of its modernisation and restructuring – would figure prominently. Mr Gibaud says it offers the opportunity to create a good quality industrial park with good views.

"No one knows how ICI will evolve at Runcorn, where it makes chlorine and faces problems," he says. "But we can't sit back and wait. We have to plan for a post-ICI future in the next century.

"The way to overcome our poor image is not to spend money on promotion, but to create a local climate and environment for new investment. If we can demonstrate things are happening, we can build a new town on the back of that."

Ultimately, he hopes Widnes and Runcorn will become as attractive as neighbouring Warrington was in the 1970s and 1980s. With development land at £120,000 an acre compared with £150,000-£250,000 in Warrington, early birds may well win some good prizes, especially if Halton wins a City Challenge prize to make the place nicer.

**Ian Hamilton Fazey**

**Stewart Dalby** on why companies are relocating to the county

# It's attractive - and not so far

CHESHIRE has done well in drawing in new industry because it has one of the best combinations of the various factors involved in attracting foreign investment and British company relocations.

Parts of the county were designated assisted areas by the British government and qualified for aid from the European Community. Communications are excellent. Labour is skilled and available. Land, factories and offices are cheap. The quality of life is considered good, with nice houses in pretty villages to live in and a lack of congestion in the main towns.

Mr David Collins, economic development officer at Cheshire County Council, says that the county has become the fourth most popular choice of UK locations after Scotland, Wales and the south-east, notably Kent.

In the past decade 400 companies have relocated or set up in Cheshire including 200 foreign ones. YKK, the zip manufacturer, is thought to have been the first major wholly-owned Japanese subsidiary when it was set up in 1972.

A more recent arrival is Sokkisha UK, which was established in 1987. A subsidiary of Sokkisha of Japan, it manufactures high technology equipment from builders' levels to satellite receivers and surveyors' software. It is moving into a purpose-built 12,000 sq ft building on the 87-acre Crewe business park. It will employ 20 people and chose the site after a long search for an alternative to its current base in Crawley in Sussex.

For capital intensive companies the subsidy has been important. Runcorn and Warrington were melded into one new town in 1981.

Apart from the government money poured into infrastructure, the two towns were run by one New Town corporation with planning powers and some of Runcorn qualified as part of the Merseyside development area and thus was eligible for regional aid.

However, the New Town corporation came to an end in 1989, and the planning powers were transferred to the relevant local authorities.

Chester and part of the north of the county around Halton (including Runcorn) and Ellesmere Port still qualify for development assistance on a reduced scale.

The other attractions have increasingly become important. Principal among them is the good communications network. The county has the M56 and the M62 running through in a east-west direction and the M6 in a north-south one. Around 15m people live within an hour's drive of the point where the M6 crosses the M62.

Mr Michael Aster, whose US company, Aster Publishing, set up its European headquarters in Chester in 1984, says: "I suppose one of the main attractions is that you can be anywhere in three hours, in Scotland or in London. Communications are very good. Also, you have Manchester airport just 20 minutes away."

Manchester is now the country's third largest airport after London's Heathrow and Gatwick airports. It has gateway status, which means over 40 airlines operate direct scheduled services to the US and Europe. There is little of the congestion which has become a feature of both Gatwick and Heathrow.

As well as good communications, Cheshire has factories and offices available at competitive prices. B1 office/light industrial space typically costs £11-13 a sq ft in Chester, although it can be as little as £8 a sq ft. This compares with £15-18 a sq ft in Manchester. All eight districts in the county have business parks of one kind or another, either science parks or warehouse/distribution centres.

Warrington's marketing strategy has been based on good communications. It claims that the motorways put it at the very centre of Britain.

In the interstices of the motorways, modern quality business space has been built like the Birchwood science park, the Gemini science park and Winwick Quay.

The county council and the new town corporation have made more than 500 acres available for industrial and commercial development in recent years.

The older business parks such as Birchwood and Gemini are virtually full.

One of the latest additions is the 153-acre Chester business park. This is largely made up of B1 light industrial/office premises. The availability of these modern quality buildings close to an attractive medieval town means the county has been able to attract service companies and thus diversify its economy.

Chester Park is about half full at the moment. Lettings were going well until the recession. The county council's economic development unit says there is a lot of interest, but it is not translating into definite lettings in the harsh economic climate.

Probably the best-known financial service company to establish itself in the county is Marks and Spencer Financial Services, which used to be called St Michael Financial Services.

The company set up in Chester in 1984 when the company wanted to expand its pilot credit card scheme in Scotland. Chester was chosen partly because it was a development area and Marks and Spencer received a grant to help build its offices.

The company, which deals with financial services including credit cards, unit trusts and marketing, employs 567 people on a full-time or part-time basis.

Mr Brian Hudspith, of Marks and Spencer, says: "The company is very happy with Chester. We have had no problems in finding the appropriate staff."

Elsewhere, the Department of Employment has relocated people to Cheshire and now employs 900 people at its centre in Runcorn.

Mr Aster, whose company publishes pharmaceutical magazines and other scientific journals, says that the availability of good staff at reasonable salaries is also an attraction.

"Apart from clerical staff, which is available, we are looking for people who have graduated from one of the many educational institutions around here. Typically they would have moved off to London and now want to come back here because of quality of life available."

He continues: "I would say salaries are between 10 to 20 per cent lower than London, but then so are costs. Chester is a very pleasant place in which to live."

Chemicals are at the heart of the county's industry

# Broad base for recovery

LIKE OTHER old industrial areas, Cheshire suffered decline in the recession of the early 1980s. Unlike other parts of the north of England, Scotland and Wales though, while manufacturing industries rationalised they did not disappear altogether as they did in some steel, coal and shipbuilding towns.

The county thus had a firm broad base on which to build. At the heart of it is the chemicals industry. Both ICI and Shell are present in the north of Cheshire in some force.

ICI has been in Cheshire since its formation in 1926.

Brunner Mond, one of the four companies from which ICI was formed, has been in Cheshire since 1873.

The original reason for the Cheshire location was the presence of vast quantities of salt in the county. Salt in various forms is the basic feedstock for a range of chemicals. Processes include the electrolysis of brine for chlorine and caustic soda.

Although ICI Chemicals and Polymers is not exclusively involved with salt-based products, as Mr Edward Brady, of ICI, puts it: "In simple terms, the salt-based products are made in Cheshire; petrochemicals are produced on the other side of the country on Teesside."

ICI Chemicals and Polymers employs around 5,500 people in Cheshire and Merseyside, mostly at its main base in Runcorn. ICI also has a pharmaceuticals division at Alderley Edge, in the prosperous eastern part of the county near Macclesfield.

Shell UK also dates its involvement in Cheshire from the 1920s, although the emphasis is on petrochemicals rather than salt-based products.

Michael Pitt, chief executive: "We have done well"

Mr Harold Bardsley, of Shell UK, says: "The big expansion in Cheshire started in the 1950s. Shell already had storage depots. In the 1960s refining facilities were put in as consumption of oil and its products expanded rapidly."

Today Shell employs around 1,900 people at the main base in Stanlow and another 1,000 throughout the county, including the new Shell Chemicals headquarters in Chester.

Not only is Cheshire a chemicals base but the physical sciences are well represented with British Nuclear Fuels, the Atomic Energy Agency and National Nuclear Corporation all established in the county. British Nuclear Fuels is a large employer with nearly 4,000 on the payroll. The AEA has 2,750 employees in a number of establishments, and the NNC some 1,700 workers.

Apart from ICI, other pharmaceutical concerns have been attracted to Cheshire. Ciba-Geigy completed its headquarters move to Macclesfield in 1989, having had production facilities in the county, and the Wellcome Foundation has a marketing and distribution operation in Crewe.

The county is well represented in engineering with Rolls-Royce Motors at Crewe, and General Motors in the shape of Vauxhall at Ellesmere Port. Vauxhall now employs 5,000 people. British Aerospace is just across the border in Clwyd, Wales, but most of the workforce lives in Cheshire.

Since the early 1980s, using this industrial base, companies have been attracted into the county in electronics, telecommunications, information technology and motor components.

Electronics companies in Cheshire include Digital, Mercury Telecommunications and ICL. The county council targeted electronics concerns because it felt Cheshire had a pool of skilled labour that would chime in well with such companies.

The companies were partly drawn by the assistance available because parts of Cheshire were a development area but also because of the good communications and the availability of labour and modern factories and offices.

In the second half of the 1980s the county council tried to diversify the economy into such areas as financial services by encouraging the building of quality business parks such as Chester Business Park, seen as a place where white collar service companies would relocate.

Besides Shell Chemicals, Chester has become a headquarters for Marks and Spencer Financial Services and the North West Securities Bank, part of the Bank of Scotland.

Of the total workforce of 360,000, 29 per cent are employed in manufacturing. This is above the national average of 24 per cent but low for this corner of the country.

Around 61 per cent are employed in services, including the county council and education and health. Between 1980 and 1988 there was an 83 per cent rise in the numbers employed in the the finance, property and services sector. By 1990 there were 51,000 employed in banking and finance and 74,000 in other services excluding distribution and catering.

A special effort was also made to encourage small businesses. The county council set up 10 business generation centres in Cheshire. These centres built small starter factories. Two thousand companies employing fewer than 50 people were established. Despite the recession the occupancy level of these factories and workers is over 90 per cent.

Mr Michael Pitt, chief executive of Cheshire County Council says: "We have done well during the 1980s. Unemployment has been consistently in line with the national average and well below the regional average." At the end of last year, unemployment was put at 7.8 per cent.

As the recession drags on, Cheshire like elsewhere is seeing its jobless level creep up, and is developing one or two black spots.

Crewe is one cause for concern for the county authorities, since both Rolls-Royce and Brel, the privatised British Rail engineering company, which are based in the town, are experiencing difficulties.

Rolls-Royce Motors cut production in December in response to the continuing steep fall in worldwide sales. Earlier in 1991 the company introduced a three-day week for some workers.

Brewing is another industry where they has been rationalisation and job losses.

Besides its black spots, Cheshire also has the problem of wide regional variations in employment.

The county has the factories and offices in place and has the labour available. It is a question of waiting for the recession to end before further diversifying its economy.

Its communications should further improve with the opening of the Channel tunnel. There is to be a passenger terminal at Crewe, the old railway town. The county authorities are pushing hard for a freight terminal at Crewe also.

**Stewart Dalby**

**Stewart Dalby** looks at the country's agricultural problems

# Dairy farming turns sour

AROUND 170,000 hectares (408,000 acres), or 75 per cent of the rural areas, of Cheshire are farmed in some way. The predominant agricultural activity is dairy farming. Of the county's 4,500 farms, 53 per cent are dairy, compared with a national average of 18 per cent. The county has a cattle and calf population of 270,000, compared with 94,500 breeding ewes.

Of the other 47 per cent many are mixed farms, some of which have an element of dairying.

In 1989 Cheshire produced 756m litres of milk, making it the third largest dairy county in Britain after Devon (917m litres) and Somerset (796m).

According to Mr Robert Llewellyn at the Agricultural Development and Advisory Service (Adas), the Cheshire plain is ideal dairying country. "It is bit like Ireland; grass grows very easily."

Like other farming activities, dairying has been hit in recent years by the slump in agriculture (though cereals have fared worse). Dairy farms have suffered from a combination of EC quotas since the mid-1980s and a continuing upward pressure on costs – high interest for any debt on land and high input costs.

Figures supplied by the Ministry of Agriculture, Fisheries and Food office in Crewe show that, using 1982 as a base year of 100, incomes on dairy farms in the county fell to 66 in 1985. They recovered a bit in 1987 and 1988 but were down to 60 in 1990.

They are expected to be lower this year, and could fall further if EC proposals for new price cuts are accepted.

The ministry estimates that average farm incomes in Cheshire are £790 a hectare. With the average size of a dairy farm in the county at 50 hectares, this gives an income of just under £40,000 a year. But net incomes would vary considerably, of course, depending on the level of debt and the number of employees. Around 11,000 people are employed in farming in the county.

Inevitably, there is talk of diversification by farmers into other activities such as tourism. Farmers are also looking at how they can add value to their products – producing cheeses and yoghurt and so on.

There has been a squeeze on incomes. But there have not been significant set-aside programmes. This is the government sponsored programme where farmers receive compensation for taking land out of food production.

The ministry's figures show a total of 42 farmers from Cheshire have applied for set-aside since 1988, either under the five-year programme or the one-year scheme. The total land involved amounts to 877 hectares (2,104 acres).

Nationally, a total of 807 farmers are in the five-year set-aside scheme, involving 29,000 hectares of land. It is possible to opt out of the five-year programme after three years.

**There has been a squeeze on incomes. But the numbers of farmers have not fallen greatly**

In 1991, a total of 890 farmers applied to be part of the one-year set-aside scheme, involving 13,000 hectares.

Mr John Ford, public relations officer for the north-west region of the National Farmers Union (which includes Cheshire, Lancashire and Cumbria) says: "Farmers in Cheshire, because of the emphasis on dairying, have done rather better than our members elsewhere. The quotas meant that production was cut but also that prices were stabilised. The numbers of farmers have fallen in the past five years, but not greatly.

However, to farmers' existing woes a new worry has been added – the costs of controlling agricultural pollution.

Agricultural pollution has become a particular issue in Cheshire, because, although there are many many forms of waste creeping into the watercourses – sheep dip, insecticides, herbicides, oil and diesel – some of the worst pollutants are associated with dairying.

Milk itself is a very concentrated substance, and slurry and silage effluent are particularly noxious pollutants. All three remove oxygen from the water which means fish and other aquatic animals cannot survive. The water becomes dead.

Cheshire comes within the catchment of the Mersey basin campaign. This is a partly government-funded drive to clean up the watercourses in the Mersey basin. The basin has been deemed the most badly polluted river in Britain and one of the worst in Europe.

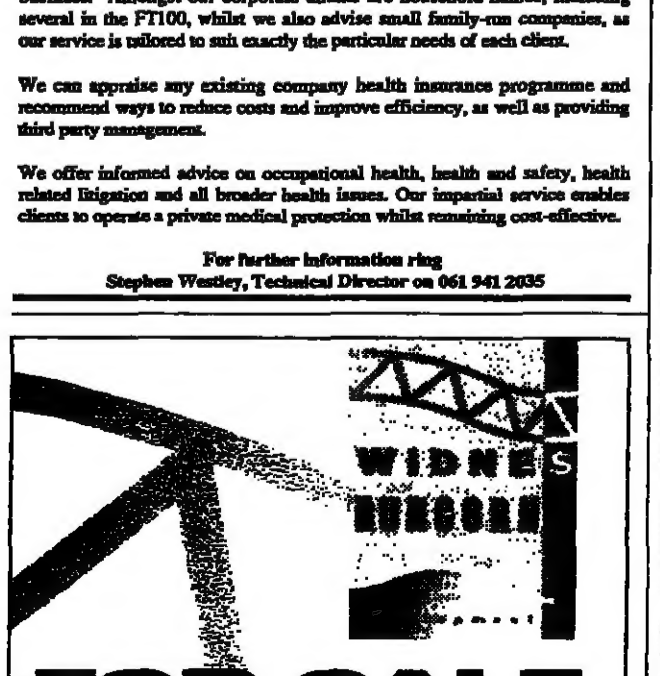
The National Rivers Authority was set up in 1989, when it was hived off from the old water boards as a separate regulatory body. Its regional headquarters are in Cheshire and it is active in the Mersey basin campaign. It has brought a number of successful prosecutions against pollution offenders. Some farmers have been prosecuted and this has tended to emphasise agricultural pollution as an environmental issue in the area.

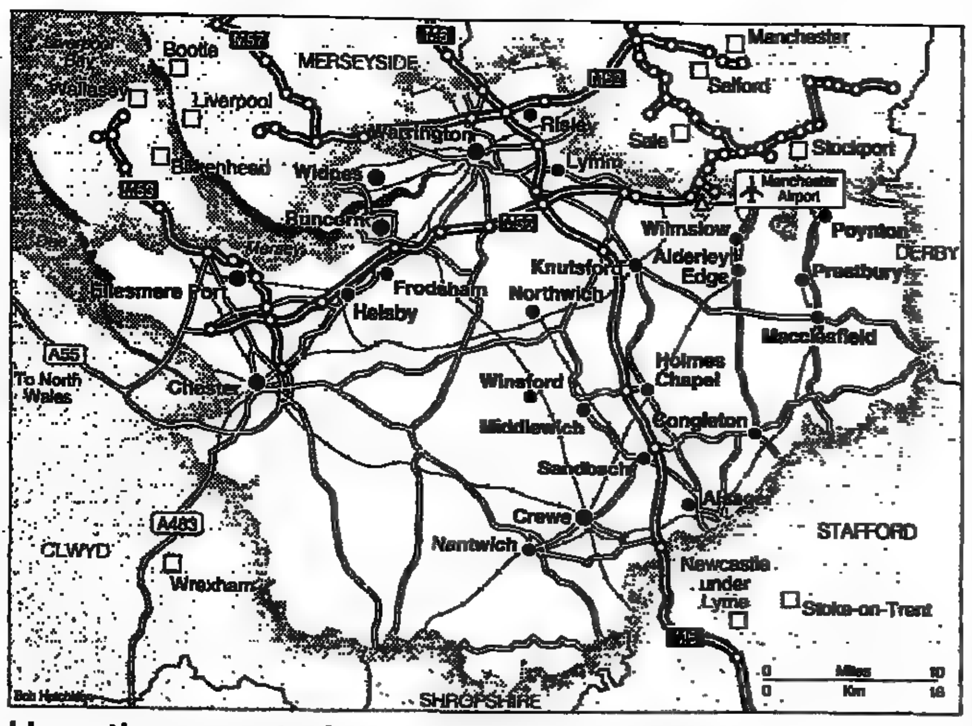
The NRA has been working with Adas to advise farmers on working methods. In the 1960s and 1970s dairy herds were increased and farming practices changed from keeping stock in cowsheds to the loose housing system of milking parlours. This increased the dangers of liquid run-off entering drainage systems, many of which had outlets to ditches and other watercourses.

Apart from advice on working practices, the ministry is also empowered to give grants to farmers who want to set up waste handling schemes.

The local authorities in Cheshire, at county and district level are also involved in environmental improvements. Officers at the county council estimate that 15 per cent of farms in the county are now involved in waste handling schemes.

The problem for the individual farmer is that – even with a grant – setting up an effective treatment system can cost £60,000. At time when incomes are being eroded, this can mean a considerable extra burden.





How the county has survived boundary changes

# A bit on the map

WHEN John Speed, the Tudor cartographer, published his atlas of the British Isles in 1611, the rationale for Cheshire's existence was plain. Natural features, rather than human *diktat*, defined the county, which was rich and fertile.

Chester, an ancient Roman fortress linked to London by Watling Street, was a thriving port with a virtual monopoly in trade with Ireland and troop movements to garrisons there. The county was bounded by the Dee in the west, the Mersey to the north, the Derbyshire peaks in the east and tributaries of the Dee or Weaver to the south.

Grain, meat, butter and cheese were exported down the Dee to Ireland and Scotland, or went by *road to London* – or were traded for wool from Yorkshire to supply Cheshire's weavers in towns such as Macclesfield. Brine springs at Northwich, Nantwich and Middlewich were the foundation of the county's mineral industry, salt-making.

But the Dee started to silt up and new wharves had to be built downstream at Neston in the Wyre Hall Hundred, now known as the Wirral peninsula.

The result was that the main thrust of the industrial revolution passed by much of Cheshire as entrepreneurs and capital moved north. The wide, fast-flowing Mersey was tamed by locks and docks in Liverpool. Birkenhead, which does not appear on Speed's map even as a village, sprang up opposite on the Wirral shore.

Inland, Manchester – in Speed's time a village in Lancashire's Salford Hundred – started to grow and coalesce with similarly growing villages around it.

Economically and geographically, Warrington became a more important crossroads than Chester for both road and rail. Even Chester's role as the regional economic capital of north Wales was usurped by Liverpool.

Cheshire's industry grew in such places as Wirral, in the north-east of the county below Manchester, and in the south around the junction of the railway lines from Scotland, Manchester and Holyhead (via Chester) at a former village called Crewe.

The Manchester Ship Canal, built a century ago, made the ancient northern boundary meaningless as it became the Mersey basin's main drainage channel and turned much of the original river into little more than a stream.

Economic and political reality finally caught up with olde Cheshire with the local government reorganisation of 1974.

Most of the Wirral was lopped off, turned into a metropolitan district to absorb the county boroughs of Birkenhead and Wallasey, and put into the new county of Merseyside.

On the eastern side, the new county of Greater Manchester swallowed Altrincham, Sale, Stockport and Hyde, all of which had already coalesced into the 2.5m-population conurbation. Cheshire managed to keep Wilmslow.

To compensate and keep Cheshire in fiscal and administrative balance, its boundary was redrawn north of the Mersey divide to take in Warrington and Widnes, the latter a town that had sprung up in the 1870s to move Lancashire's chemicals industry nearer Cheshire's salt.

One of Warrington's advantages was its new town development status corporation which in 1981 took over the neighbouring new town of Runcorn. The other advantage was the motorway system – the latest generation of infrastructure to use Warrington as a crossroads.

The M62 transpennine motorway crosses the M6, Britain's main north-south link west of the Pennines, just north of Warrington. To the south of the town, across the Manchester Ship Canal and what remains of the upper reaches of the Mersey, the M56 links Manchester with Chester and North Wales. The latter links to the M62 in Greater Manchester via the M63, which orbits the western half of the conurbation. Other roads connect the M56 and M62 via a bridge at Runcorn-Widnes.

The net result is that most of Britain can be reached from Cheshire within four hours. And any part of Cheshire can be reached from anywhere else in the county in less than hour – and far less if the motorways can be exploited fully. Crucially for industrial development, Manchester Airport, right on the county's boundary, is 20 minutes from Warrington, 30 minutes from Chester or Ellesmere Port and 40 minutes from Crewe.

The M56, in particular, may yet have a greater influence on Chester's development than Watling Street did in the Middle Ages: it is starting to close an east-west divide in the county that has created social and political tension.

The divide has been caused by the differing recent economic performances of Greater Manchester and Merseyside.

The former's has turned the east Cheshire districts of Macclesfield and Congleton into the north's equivalent of the Surrey stockbroker belt. Prestbury, near Macclesfield, boasts property values comparable to some of the best in south-east England before the recession. The market is slow now, but it has not fallen much.

By contrast, Merseyside's professional and managerial class is getting smaller and has had a lesser influence on the Dee coast of the Wirral and in the countryside of west and mid-Cheshire.

However, the motorway network has now put the Wirral, Chester and much of North Wales within 40 or 50 minutes of Manchester city centre, taking pressure off east Cheshire.

Meanwhile, the forced growth of Warrington as a "new" town saw its population shoot up by nearly 11 per cent in the 1980s. Congleton, in the south-east of the county and bordering Staffordshire, managed 8 per cent, albeit from a smaller base.

Four of the six other Cheshire districts also grew – Vale Royal, in the middle of the county, by 1.7 per cent, Crewe and Nantwich by 1.5 per cent, Halton, helped by Runcorn's new town status, by 1.3 per cent, and Macclesfield by 1.2 per cent.

These are places where people want to live. They contributed to a 2.8 per cent population growth in Cheshire as a whole, despite Chester's population being squeezed down by 1.8 per cent and that of Ellesmere Port and Neston by 3.9 per cent.

By the end of the 1980s, therefore, Cheshire's population had risen to 958,600 and it is expected to pass the 1m mark before the year 2000. The county has few areas with social stress and only Halton, which is comprised of the predominantly working-class towns of Widnes and Runcorn, has urban programme status.

The question hanging over Cheshire, however, is whether the new Local Government Commission will allow any of its districts to break away. In spite of differential growth, Cheshire has largely succeeded in balancing its development because each of its districts has fewer than 200,000 people and none dominates.

This lack of a large focal town or city distinguishes the county greatly from others – such as Humberside, Leicestershire or Nottinghamshire – where those outside the local capital often see themselves as disadvantaged and those in it feel held back and prevented from full self-determination.

The biggest case to break away and form a unitary authority on its own may come from Warrington, which has about 190,000 people and is growing at up to 2,000 a year. But such a move would probably only make sense if Widnes were to break off from Halton and go in with Warrington, adding another 60,000 people.

Since the government has already said it will not alter the boundaries of the metropolitan counties – so Cheshire cannot take back places such as the Wirral, Stockport or Altrincham – such a breakaway would reduce Cheshire's population to the level of 30 years ago, but this would still be a viable size with more than 750,000 people and plenty more wanting to live there, guaranteeing taxpaying growth.

John Speed, who was born in Cheshire, and knew full well that anywhere north of the Mersey was really in olde Lancashire, would have certainly seen a logic in it all.

**Ian Hamilton Fazey**

A scheme to replace apprenticeships

# New way of training

TRADITIONAL apprenticeships have been abolished in parts of Cheshire. The move is not a retrograde step because what is being done instead looks like becoming a model of best practice which is already spreading locally and may well spread wider, writes Ian Hamilton Fazey.

It began 18 months ago as an experimental joint venture to improve the quality and calibre of young technicians and chemical process operators. ICI Chemicals and Polymers, Shell and Associated Octel launched a new type of "technical studentship" for trainees aged 16 to 18.

The idea was to combine a broader range of full-time education and industrial training than traditional apprenticeships could offer. It also recognised that as big companies have invested in labour-saving plant and pared payrolls to raise productivity, they have less scope to run in-house training economically.

Although still in its early stages, the Cheshire experiment is well on its way to getting most of its participants to the higher-level qualification of the Business and Technical Education Council (BTEC) in four years. This is 18 months quicker than many traditional apprentices have been able to achieve by mixing on-the-job learning with block or day release to the local technical college and attendance at night school.

The three chemicals companies set up a new company called Technical Training Enterprise (TTE) in 1990. It is based at West Cheshire College, Ellesmere Port, where half of the new four-year course will be spent in full-time education.

The companies initially planned to set up their own training school, but were persuaded that better-rounded people would emerge if their trainees were educated in a larger pool of young people and were able to mix with students on other courses.

So they put up £400,000 of cash and equipment for laboratories and workshops at the college, as well as installing their own staff to ensure that all aspects of education and training are integrated and relevant. Some teaching is also done by college staff.

The first intake of 90 technical students – all employed by TTE but sponsored by one or other of the companies, came from a rush of 700 applicants from school-leavers, in spite of organisers having only a few weeks to get their initial promotion off the ground.

Mr Peter Hyam, engineering manager of ICI in the area, is TTE's chairman. He says that the three companies decided they had to have a long-term view of the chemicals industry's needs.

As well as achieving economies of scale and getting trainees up to the ever-higher standards needed by an increasingly capital-intensive industry, the scheme has enabled the companies to get rid of things they did not like about traditional apprenticeships, such as duplication of teaching, irrelevance and lack of integration with the needs of the workplace.

"Other companies have now asked us to train people for them and technical colleges have expressed interest in using the scheme as a model for their own courses," Mr Hyam says.

"This has encouraged us to expand the idea into other fields, for example, into retraining and developing skills in the existing adult population."

Strong support comes from the Chester, Ellesmere Port and Wirral Training and Enterprise Council (Cewtec), which is chaired by Mr Nick Reilly, plant director of Vauxhall Motors at Ellesmere Port.

"The Tec is looking to spread this as best practice into other sectors this year. Chester's hoteliers have already started a similar scheme, involving 33 trainees each year," Mr Reilly says.

While many of the big hotel groups have long had effective training schemes, similar standards are more difficult to achieve for smaller, independent establishments, for which costs – especially when compared with retention rates – are a bigger problem.

Chester's growing hotels sector decided it was in the interests of all the city's hotels to ensure as high a minimum training standard as possible and create a pool of better-skilled service sector workers.

The result is a scheme where college training, as with TTE, is pooled, creating economies of scale which make training more efficient for the big hotels and more affordable for the small ones. Two days of each week are spent at college, three in a hotel – and the trainees swap between hotels, so that their practical experience is not confined to their sponsoring employer.

"These are working examples of industry taking training seriously," Mr Reilly says. Vauxhall, his own company, is another: it is sharing its engineering apprenticeship training with British Nuclear Fuels. More importantly longer-term, half-a-dozen smaller companies will soon be joining in.

Of three Tecs in Cheshire, Cewtec may have the most difficult job because it operates in the west of the county, where it is affected by the ailing Merseyside economy. "It was originally thought there was no problem in Cheshire when compared with Wirral, but that view is changing," says Mr Alan Moody, Cewtec's chief executive.

Cheshire's problem is structural change. Big business dominated Ellesmere Port, in particular, and for decades was responsible for the bulk of craft and technician training.

Vauxhall is a prime example of what capital-intensification does to a company: there were 11,000 employees in 1980, but there are under 5,000 now. This is not part of a rundown, for investment in a new engine plant and other parts of the works is running at £350m.

"But Cheshire cannot depend on its big companies for growth in jobs," Mr Reilly says. "We need more growth from smaller companies and more inward investment. Teaching small companies to survive and grow through business planning – and by training their supervisors and managers – is essential, just as it is also our job to ensure that there is a trained workforce available for incomers."

With his Tec's board full of local chief executives from the engineering, nuclear, electrical, shipping, food and chemicals industries, a vigorous, self-determined approach seems assured.

The fight against Aids

# Protection racket targets good guys

**Rex Winsbury** on campaigns to promote condoms

Aid organisations in Africa are using "social marketing" techniques to promote safe sex

Can Madison Avenue come to the rescue of what one health expert graphically calls "the slippage between the boardroom and the bedroom"?

In a world that has to live with Aids, and where, says the World Health Organisation (WHO), there may be up to 40m HIV infections by the year 2000, the marketing of the once-humble condom has become both vital and fashionable.

The new approaches to mass-marketing what the French so meaningfully call a *preservatif*, range from the condom boutique, like the new Condomania shops opening in Britain, to the concept of "social marketing" being tried by the Americans in the Third World.

With no vaccine against HIV likely to be available soon, the implied demand for condoms is awesome, if sex is to be made "safe".

Recent US studies suggest that present world demand for condoms is running at about 5bn-6bn a year.

But the forecast demand, as anti-Aids campaigns intensify around the world and emphasise that condoms are the only reliable protection, is two to three times that total, anything between 12bn-17bn a year.

The WHO has what it calls "a tentative priority prevention target" – that by 2000 the whole population of high-risk areas in Africa and Asia should live in communities where condoms are available both readily and at an affordable cost.

The problem, say the researchers, is not manufacturing capacity. Enough of that exists. The problems will lie, first, in "logistics management," that is, physical distribution from manufacturer to user – "the slippage between boardroom and bedroom".

This is particularly the case in the poorer countries that are hardest hit by Aids but do not have an efficient wholesale-retail infrastructure.

In these countries there is a second problem, that of selling at a price people can afford.

At one extreme of the marketing effort are shops like the franchised Condomania boutiques in London, Liverpool and Leeds, all opened within the last five months, where the emphasis is on variety of choice, fashion, packaging and friendly advice.

Martin Foreman, founder of the enterprise, says that in the London shop, to his surprise, 60 per cent of customers are women, 30 per cent heterosexual men, and the balance homosexual men.

"In our catalogue, we say that if you think that a condom is a killjoy, you're not experienced."

At the other extreme are the big international organisations that control the condom trade to the areas of high potential demand in Africa and Asia, which have come up with the concept of "social marketing".

What social marketing means is using normal commercial distribution outlets such as chemists' shops and health centres, but adding to them non-traditional outlets such as market traders, itinerant and "table-top" hawkers, bars, hotels, local housewives and corner shops, in order to sell condoms that are fed into this enlarged distribution system at a subsidised price.

Subsidised, that is, by the international donor community, in particular by USAID, the American government's foreign aid organisation.

This approach is then supported by "Madison Avenue" marketing and promotion techniques.

Statistics show that by 1990, of the 264m condoms shipped to Africa, 175m originated with USAID.

But now USAID is trying to pull back from this role as Africa's main wholesaler of condoms, and has cut its orders by 20 per cent.

One reason is that US-made condoms, which USAID is bound to order under its procurement rules, are three times as expensive as those bought on the open world market by other organisations.

So the policy of affordable condoms means getting others to foot more of the bill. But what is an affordable condom? Again, the indefatigable US researchers have been at work, and suggest that a Third World family ought not to have to spend more than 1 per cent of its income on condoms, or else that family will become resistant to the whole idea.

In poor countries, that means a very cheap price indeed. In 10 of 29 African countries surveyed, the cost of commercially supplied condoms worked out at 10 per cent of income.

That is where "social marketing" comes in. In Zaire, for example, which had been the shining example of social marketing in practice until the riots and looting there last autumn caused almost all foreigners to be evacuated, a pack of three condoms had been selling for the heavily subsidised price of 100 Zaire (the country's unit of currency). At Zaire's inflation-ridden currency rate of about 117,000 Zaire to £1, that is now about 9p.

An organisation called PSI, Population Services International, backed by another government-funded US organisation, *Family Health International*, had set up warehouses and a fleet of trucks to distribute US-made condoms.

The scheme was backed by Madison Avenue techniques such as branding the condoms under the "Prudence" label, colourful packaging, radio commercials, posters, competitions, music tapes, popular songs, and what it fearlessly called "condom inflation contests", all part of "an intensive programme of popular and inter-personal promotion" to reach a "broader consumer base".

The results, in marketing terms, were impressive. Condoms were being sold at the rate of 15m a year among a population of 33m, about 3.5m in the last month of operation alone.

Admittedly, an unknown proportion of these were being smuggled out of Zaire across the river for sale in neighbouring Congo.

But that is Africa: you cannot use normal commercial channels and not expect entrepreneurs to do what entrepreneurs in Africa have always done.

Now that Zaire has been shut down, there is a new effort to turn the Ivory Coast into the showcase for "social marketing".

Here again, the statistics look impressive. In March 1991, 14,624 condoms were sold under the "Prudence" label. By November 1991, the figure had risen to 232,780. This compares, says PSI, with about 600,000 a year through commercial channels.

It is not clear whether the black panther logo used on the condom packets is a conscious reference to the US black power movement, or to some form of prowess. The condoms sell for the equivalent of 5p each – more than in Zaire, but still cheap.

So far, so good. As Martin Foreman says, this is all a lot more imaginative than lining up the condoms beside the cough mixtures and enemas.

*Rex Winsbury is publisher of Aids Analysis Africa*

# Liverpool steps up to blow its own trumpet

**Gary Mead** reports on moves to woo US investors

Jewel in the crown of Liverpool's regeneration: the Albert Dock commercial and residential complex

On July 5 1981, British police first used CS gas against rioters on the streets of Toxteth in Liverpool. But while the city's riots might have seared into the British collective memory, they caused barely a blink in the US, which is about to become the focus for a promotional push by the Merseyside Development Corporation.

The MDC, a government-funded organisation set up in 1981, is about to ride a PR-marketing caravan into the US east coast, where public awareness of the north-west England's problems is low.

Just before Christmas, Liverpool City Council was owed nearly £200m in unpaid taxes, costing £15,000 a day in interest charges. In October, Derek Hatton, former deputy leader of the left-wing City Council, was arrested by police investigating allegations of corruption. Hattonism – a blend of jocular toughness and ultra-leftist agit-prop – still has a healthy grass-roots presence in Liverpool. The MDC is presumably hoping that some ignorance – in the US – is bliss.

MDC's original aim was to regenerate some 800 acres – now 2,372 acres – of the Merseyside and Wirral waterfront and over the last decade, the government has provided £250m. On February 5, the citizens of Washington DC will be able to see where £150,000 of that has gone, when they listen to the Royal Liverpool Philharmonic Orchestra, conducted by Libor Pesek. The RLPO will be doing an 11-city tour of the eastern seaboard, sponsored by the MDC as part of a campaign which it hopes will attract £1bn of investment from foreign companies over the next decade.

Jean Waters, MDC's marketing manager, is frank about the reasons for the sponsorship: "By sponsoring the orchestra's tour, the MDC is trying to make sure that we get onto the shopping lists of businesses on the US east coast." Last July the MDC sent out 5,000 mailshots targetted on high-tech, pharmaceutical, food and motor industries in that part of the US.

Patrick Minford, professor of applied economics at Liverpool university, a former member of the MDC board, resigned largely because of its "obsession with creating tourism, office and retail developments rather than manual worker-oriented jobs". Minford emphasises that his complaints may need readjusting under the new boss, Desmond Pitcher, group chief executive of the Littlewoods Organisation, who took over the helm of MDC in April 1991. The US campaign will be a litmus test.

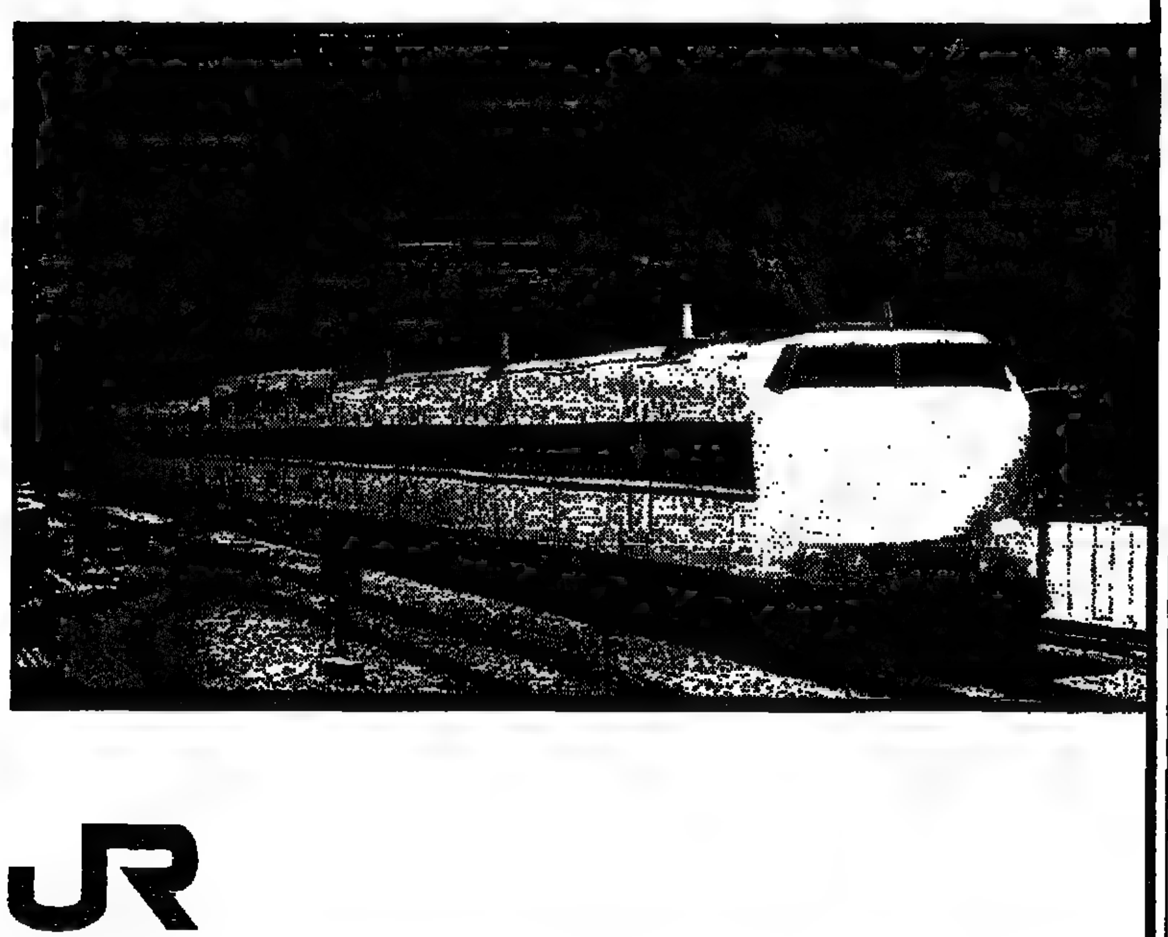
Pitcher apparently understands the scale of the task: "The practical reality is that we have got to reverse 50 years of dereliction. The administration and management of the city in the recent past has been poor."

He also admits that there has been a reluctance by British investors to re-locate in Liverpool. "When I recently spoke to the key institutions with long-standing investments in Liverpool, I expected a raspberry. But instead they were very pleased with the high yield on their investments. It's changing; only 3 per cent of all commercial property in the area is currently available for renting."

Minford wants to see the MDC attract manufacturers into the area. "A good example of the sort of scheme is that which attracted Nissan to Tyne and Wear, or Japanese electronics factories to south Wales."

Maybe the MDC is now set on a marketing course which will start that slow process. Robert Odell, an American who handles marketing for MDC in the US, acknowledges that Liverpool may have an image problem in Britain. "In the US when you say Liverpool, you get one of two responses. Either it's Paul McCartney and the Beatles, or people have a neutral feeling."

In any case, 374 US companies have taken up the initial mailshot, and Desmond Pitcher has 25 meetings arranged with US companies to coincide with the orchestral tour. If those meetings result in some lasting, job-creating investment, the MDC's £1.2m marketing budget for this year might itself prove to have been a clever investment.



# All My Sons

**YOUNG VIC THEATRE**

Arthur Miller's *All My Sons* was his first success. In an introduction to the published text, he wrote later: "The audience sat in silence before the unwinding and gasped when they should have, and I tasted that power which is reserved, I imagine, for playwrights, which is to know that by one's invention a mass of strangers has been publicly transfixed."

Over 40 years later the power must still be working. The audience at the Young Vic last night was transfixed throughout, and no wonder. *All My Sons* remains a marvellously constructed play. Although it is about the aftermath of the second world war in middle America, it could just as easily have been written about the aftermath of Vietnam. In fact, neither the period nor the place much matter. It could be anywhere, any time.

Since the plot contains a strong element of suspense and surprise, I shall not go into detail. Suffice it to say that the wrong man has been blamed for knowingly supplying defective parts to aircraft which led to the deaths of 21 pilots. The airman son of the engineer who really is guilty was reported missing in action. The play is about retribution catching up.

Miller's mastery lies primarily in the way he presents a small community and in the simplicity of the language. The Keller family is remarkable for its sheer American middle class ordinariness: well-off, comfortable but in no way pretentious. Joe Keller, the self-made father, has diversified out of armaments into consumer goods. His wife Kate is somewhat superstitious, but otherwise a model American mother. Son Chris is educated, but happy. The neighbours respect them, even regard them as "the holy family". Then the plot unfolds.

The play starts deliberately slowly – that is part of the skill. Indeed it is still building up when it comes to the climax. You will note, however, that there is never a line out of place. Every word, every movement, contributes to the whole. The comparisons that were made with Ibsen after the first performance, and which Miller acknowledged, are entirely appropriate.

Yet there is great deal more than plot and characterisation. Miller uses the sparest of language. Some of the most powerful lines seem to be made up almost solely of monosyllables. For example: "You had two sons, but you've only got one of them now." And towards the end Chris says to his father: "I know you're no worse than most men, but I thought you were better." The result is a writing style that is completely unselfconscious. Nothing jars.

David Thacker's production in the round of the Young Vic brings out the shine and the detail in even the smallest parts. Of the larger ones, Matthew Marsh's slightly hunched Chris is unforgettable. So is the sometimes neurotic, sometimes confident Marjorie Yates as his mother. Ian Bannen plays Joe Keller as a very big, but ultimately broken man. This is a well-written, well-made, well-acted play par excellence.

**Malcolm Rutherford**

CINEMA

# A licence to incriminate

| JFK |
|---|
| **Oliver Stone** |
| COUPE DE VILLE |
| **Joe Roth** |
| BLAME IT ON THE BELLBOY |
| **Mark Herman** |

The question used to be "Who shot John F Kennedy?" The question left in one's head after 3¼ hours of Oliver Stone's *JFK* is "Who didn't shoot John F Kennedy?"

Writer-director Stone, along with Kevin Costner as his truth-based hero Jim Garrison, the one-time New Orleans District Attorney who became the only man to bring criminal charges in the case of Kennedy's murder and who wrote a book about his detective work (*On The Trail Of The Assassins*), thinks that, broadly speaking, everyone *did it*. The CIA was involved. So was the US military. So were the arms industry, the FBI, the Mafia, Lyndon Johnson and the anti-Castro Cuban community. This last, according to the film, consisted of assorted crazies with Spanish accents teamed up with a group of white-Anglo homosexuals specialising in wacky wigs (Joe Pesci, Tommy Lee Jones).

Ever since America lost its hero-President to an assassin's bullet in November 1963, Dealey Plaza in Dallas, Texas, has been combed in public by more amateur sleuths than any spot on earth. We know the grassy knoll better than our own back garden. We are asked to see masked gunmen in every shadow of every blown-up photograph. We are told to sense the country's scheming power brokers behind the horror of a sunlit day. And we see over and over, not least in Stone's film, that amateur footage of Kennedy's head pitched forward and then rocked back by bullets that seem to come from opposite directions.

But a licence to reject the Warren Report, with its implausible conclusion that Lee Harvey Oswald was the lone assassin and lone plotter, is no licence to incriminate almost everyone else who wielded power in America during the early 1960s. As in *Born On The Fourth Of July*, Oliver Stone treats the riddles of history not as a jigsaw to be pieced together in a spirit of honest inquiry but as a rag-bag of surmises to be forced into rhetorical harmony.

The real Jim Garrison, here played by Kevin Costner with the homespun, dogged decency of a Capra hero, was an excitable conspiracy theorist who was once diagnosed as being in need of long-term psychotherapy. He was also accused of using bribery, hypnosis and truth serums in dealing with witnesses. And the man he put on trial for conspiracy in Kennedy's murder, the wealthy businessman and alleged CIA agent Clay Shaw, was found not guilty after less than an hour of jury deliberation.

But this acquittal becomes the I-told-you-so climax to Stone's film. After 190 minutes of battering us with the unproven iniquities of America's ruling class, Stone holds up the legal travesty of Shaw's "innocence" as proof that we are all guilty. Mr Costner dries his eyes long enough at the end of his I-love-America summing-up to stare straight at the camera and tell us "*It's up to you*".

If it is up to us, how is it we have felt so helpless in the movie to this point? We have been dragged through cataracts of dialogue, swamps of exposition and thickets of guest appearances from stars like Jack Lemmon, Walter Matthau and John Candy. Even Jim Garrison pops up, mischievously cast as Earl Warren. The movie, aided by gymnastic editing, never stops moving. Stone and co-screenwriter Zachary Sklar travel so fast to cover their factual – or factitious – territory that Costner barely has time to dash home each half-hour to allow Sissy Spacek to do her domestic-reproach routine."I think you care more about John Kennedy than your own family!", "I want my life back" etc.

The film's speed is awesome, but still it never catches up with the required work-load of information. We know what the "Y" side of Oliver Stone's X=Y equation will be: All people in power are guilty. But the facts and figures of the "X" side, culled from both Garrison's book and Jim Marr's *Crossfire*, cannot be gathered together in the time required.

Realising this, Stone eventually brings in a composite figure called, aptly, Mr X. This is Donald Sutherland looking mysterious by the Potomac. His job is to run very fast through all the high-level conspiracy data, based mainly on revelations about top-brass hostility to Kennedy's decision to de-escalate the Vietnam War: revelations vouchsafed by L. Fletcher Prouty, a one time aide to the Joint Chiefs of Staff who became technical adviser on *JFK*.

After implicating LBJ, the arms industry and everyone else you can think of, Sutherland allows himself a few moments of post-assassination musing – "I never thought things were the same after that" – and this sudden down-change into conversational ordinariness makes us giggle. It is too much of a shock: too much like the human reality that has been missing from every frame so far. The film quickly, embarrassedly picks itself up and returns to its normal speed, which is that of an epic edition of the radio programme *Just A Minute*. One moment of hesitation or deviation and one feels that a buzzer will sound announcing the collapse of logical momentum.

*JFK* tries to demonstrate that "They" killed Kennedy and that "We" are the only ones who can fight back. But all it demonstrates is that them-and-us moral generalities now seem as distant and obsolete as the 1960s themselves. By blaming virtually everyone who held office back then, the film allows JFK's assassin to escape once more into the crowd: as safe in the sanctuary of numbers as he had ever been when shielded by the "lone assassin" theory Stone so virulently derides.

**Kevin Kostner and John Finnegan in Oliver Stone's 'JFK'**

*

Since making *Coupe De Ville*, a 1960s-set tale of three quarrelsome brothers driving a blue Cadillac to Florida to hand it to Mum as a birthday present from Dad, Joe Roth has become chairman of 20th Century Fox. But the two events are unconnected. *Coupe De Ville*, a subtle and delightful comedy of character, picked up a few dollars at the American box office and Roth won his ticket to power by founding Morgan Creek Productions, which became the career home of Kevin Costner. Today Roth says he doubts that he would give a film like *Coupe De Ville* the go-ahead at Fox since it has no stars, no "high-concept" storyline and no previous success on page or on stage.

You see the world we live in? Even studio bosses cannot follow the quality. *Coupe De Ville* is too good to be made except with the tiny budget Roth required two years ago to assemble Daniel Stern, Patrick Dempsey and Arye Gross as the brothers – the long, the short and the barrel-shaped – and to escort them across America in the blue-finned gas-guzzler of the title, occasionally cutting to Alan Arkin as Dad fishing in Florida.

The script by Mike Binder is a gem. Sibling rivalry wreaks chaos on the road and roadside, as old grudges fly up like pebbles from the tarmac and new quarrels rain down from a clear Southern sky. Meanwhile the car, which Dad has demanded be delivered without a scratch, develops the inevitable habit of crashing into anything that stands still.

Once in Florida the happy ending arrives: but even this has a surprise twist and a power to tug the heart. I floated out of the Cannon Fulham Road mopping my eyes and wondering how 20th Century Fox under Joe Roth became the most successful studio in Hollywood last year without producing a single film as good as this.

It certainly beats *Blame It On The Bellboy*, a writing-directing debut by British National Film School graduate Mark Herman. This Venice-set comedy sinks slowly into its own lagoon. When three English-speaking tourists called Orton, Horton and Lawton – alias office clerk Dudley Moore, sex-seeking businessman Richard Griffiths and Mafia hit man Bryan Brown – get their messages mixed up at their hotel, you can imagine the chaos that results.

Indeed you should imagine it. Your own scenario is bound to be funnier than Herman's. Dudley is tortured by the mob who think he is Brown, Brown bumps into the Miss Right intended for Griffiths and Griffiths – well, you get the idea. The filmgoer's comic nerve needs to pinched hard and early in a film like this, but we are still waiting for happy pain at the end of the movie's modest 73 minutes.

**Nigel Andrews**

# Holloway's 'Spacious Firmament'

**SYMPHONY HALL, BIRMINGHAM & RADIO 3**

Simon Rattle and the City of Birmingham Symphony have served Robin Holloway's music faithfully over the last decade. It was they who gave the first performance in 1982 of the *Clarissa* Symphony, drawn from the opera, long before any opera company had shown interest in taking it on, and followed that with the first performance of a Feeney Trust orchestral commission three years later. On Tuesday they presented the premiere of another Feeney Trust piece, this time involving the CBSO Chorus as well – *The Spacious Firmament*, originally intended to be heard at the opening of Symphony Hall last year.

The idea of filling this wonderful auditorium with grand and thrilling choral sounds seems to have determined the character of Holloway's piece, which seems likes nothing less (and precious little more) than a grandiose celebration of the Great English Choral Tradition, to the extent of evoking many of its most sacred icons. There is an imposing opening of brass and bells set against slabs of choral harmony, which instantly conjures memories of Vaughan Williams's *Sea Symphony*; later there are brass snarls and choral exclamations borrowed from the demons of Elgar's *Gerontius*. Moving on again, there are Brittenesque tinges, in the context of which some luscious Straussian string textures strike an alien note.

These ghostly presences become so intense that the ear is tempted to invent more connections – might that be a touch of Walton, or that some Holst? – where most likely none was intended. It is distressing to hear Holloway submerging his own musical personality so effectively in such a substantial (half-hour) piece; his personalised brand of "Englishness" has deepened and become ever more complex in the last decade. His reworkings of the pastoral mode elsewhere have consistently proved tougher and more rewarding than anything to be found here.

Holloway traces pit a sequence of seven continuous sections which fall naturally into halves, with each culminating in an extended choral setting: the first, "Auguries", is based upon Blake; the second is a "Hymn" drawn from Tennyson. Everything is put together expertly, and scored with unfailing imagination; the Three Choirs Festival is no doubt at this moment pencilling in a performance. But however vividly projected (and it would hard to imagine performers more fiercely committed than Rattle's choir and orchestra) the ground covered in *The Spacious Firmament* is far too familiar, and its gestures irredeemably second hand.

**Andrew Clements**

# The Philharmonia Orchestra

**ROYAL FESTIVAL HALL**

Whether intentionally or not, a superficial link brought together the two halves of the Philharmonia's concert on Tuesday. In later life both Dvořák and Rakhmaninov found themselves in the New World, far from the homelands they held dear, and it was a single work from each of their American periods that was included.

It would be fanciful to suggest that the performers had taken this chance connection into account when they were rehearsing the programme and yet I have not previously felt either piece speak so longingly of people and places out of reach. The main work was Rakhmaninov's Third Symphony – a difficult score to place geographically anyway and in this performance, conducted by Kurt Sanderling, rendered a strangely rootless and troubling masterpiece.

Sanderling is always a welcome guest at the Philharmonia. To my mind, now that a generation of venerable maestros has gone, he is one of the great conductors of the day and if he wants to conduct this symphony in so individual a way, then it is best to respect his ideas. For there was none of the usual Hollywood glitz in his performance. No lush Philadelphia-like strings. Not even much Russian red-blooded excitement, if one looked to that tradition.

Instead the whole symphony spoke of an enormous and burdensome longing. The emphasis was on slow speeds and sombre textures, lowering deep brass in particular. Every detail carried import and it says a lot for the work that conductor and players must have put in that the music left such a convincing message as one came away: that this often spurned work is a serious symphony and Rakhmaninov meant what he wrote in every note of it.

In Dvořák's *Cello Concerto* a wistful longing for home is never far from the surface. Yo-Yo Ma made much of its poetic cello writing, with some notably exquisite soft playing in the slow movement, while Sanderling brought to the accompaniment the same strength of purpose for which he is known in the German classics. Again this was a performance which took nothing for granted and the orchestra gave it playing of its best quality.

If the Philharmonia is to lift its international profile as it hopes, there are two objectives to meet: it will have to offer unusual programmes and make those which are usual something out of the ordinary. *This concert was a superb example* of the second case and I cannot put forward a stronger recommendation for Sanderling's other concert tonight, when he conducts Mahler's Ninth Symphony.

**Richard Fairman**

# Queen of Spades

**LICEU, BARCELONA**

To Madrid for an important event: the first-ever staging of an English opera, *The Duenna*, by a Spanish-born, English-exiled composer, Roberto Gerhard, more than four decades after it was written. (More of that to follow.) But first to Barcelona for a marvellous bonus – a much-loved work, *Queen of Spades*, at a opera house new to me, the Gran Teatro del Liceu.

A single visit to the Liceu, a splendid theatre deceptively modest in external aspect, grandly handsome (more seats than La Scala) yet still intimate and acoustically lively in its interior proportions, is sufficient to add it to one's list of favourite theatres. It seemed an ideal location for a "big-house" work from which most of the big houses still, regrettably, shrink.

No less important, it was given with authority by a first-rate team – Mark Ermler the masterly conductor; Jan Blinkhof, Leonie Rysanek and Sergey Leiferkus among the principals of a carefully chosen cast; and the Brussels team of Gilbert Deflo (producer) and William Orlandi (designs) in charge of the staging. Its most rewarding aspect was the evident attempt on all sides to "add up" place, performers and work – to come to grips with the spectacle as well as the late-Romantic agony of Tchaikovsky's difficult, magnificent masterpiece.

In recent years, radical opera-producers have taken the violent passions and spectral visions at its core as grounds for no-holds-barred *Queen of Spades* psychodramas full of hallucinatory writhings. The material and, of course, the music can be made to answer such ambitions; but the glittering outward trappings of the work, its *Sleeping Beauty* sumptuousness of texture, loving formal discursiveness and richly rococo decorative details, have tended to get shortchanged in such treatments.

The whole of *Queen of Spades* is a much more peculiar, alarming and enthralling achievement than allowed by the psychodrama-modernists. This was the understanding of Deflo's production, which intelligently filtered 1800s visual elegance – the Act 2 divertissement was both skilfully "old-fashioned" and gently humorous – through late-20th-century sensibilities. Black front screens were used to partition the large proscenium arch, sometimes dividing the set, sometimes briefly closing out the background to focus on the characters.

This was a "filmic" device, employed with tact and purpose most of the time. The Neva scene hung fire, and the time required for main set-changes was always too long (the antiquated backstage facilities of the theatre will next year undergo a massive programme of improvement). In general, though, it was a modern production which in the best way threw the weight of dramatic expressiveness on the cast – and almost all of them bore it admirably.

The veteran Rysanek, still vocally commanding, hinting at a sensual spark still alive beneath white wig and fearsome wrinkles, made a superlative Countess: she was, as she should be, the heart-beat of the drama. The Czech soprano Natalia Romanova, not quite big-voiced enough, proved nonetheless a truthful, fresh, touching Lisa. As Polina there was Claire Powell, spirited and rich-sounding.

*Indeed*, all the wonderful smaller numbers and airs came off particularly well. Leiferkus's "three cards" narration is, as Londoners remember from the 1987 Kirov visit, one of the most completely compelling operatic feats of our day – it is good to know that both his Tomsky and the Yeletsky of Dmitry Kharitonov (too mild in person but wonderfully beautiful in tone and style) will be in the Glyndebourne *Queen of Spades* this summer.

The only question-mark over the performance concerned the bull-like delivery of Blinkhof's Hermann, sombrely exciting at moments, too often merely raw, morose and approximately tuned. I long to hear and see a Hermann who combines dramatic-tenor vigour and musicianly suppleness, Byronic élan and fine control. Even without that, this Barcelona *Queen of Spades* afforded a notable Tchaikovsky experience.

**Max Loppert**

## INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

### ■ AMSTERDAM

**Concertgebouw** 20.15: Riccardo Chailly conducts the Royal Concertgebouw Orchestra in music by Webern, Schumann and Tchaikovsky, repeated tomorrow. Sat at 15.00: Kenneth Montgomery conducts the Netherlands Radio Symphony Orchestra. Sat evening: Amanda Roocroft sings Britten's Les Illuminations. Sun: piano recital by Lazar Berman. Tonight in the Kleine Zaal: piano recital by Dirk Joeres (6718 345)
**Beurs van Berlage** 20.30 *Volharding Orchestra plays music* by Michael Torke, Stravinsky, Mengelberg and others. Sat: chamber music by Schubert and Smetana. Sun: Ottovoci present a programme of songs by Poulenc, Ravel and others (6270 466)

### ■ BERLIN

**Staatsoper unter den Linden** 19.00 Siegfried Kurz conducts Der fliegende Holländer, with a cast led by Theo Adam and Luana DeVol. Tomorrow: Giselle. Sat: Madama Butterfly. Sun: Eugene Onegin (East Berlin 2004 762)
**Komische Oper** 20.00 Siegfried Matthus conducts the Orchestra of the Komische Oper in music by Matthus, Wagner and Mendelssohn. Tomorrow: Romeo and Juliet, ballet by Prokofiev. Sat: *Cav and Pag. Sun: Le nozze di* Figaro (East Berlin 2292 555)
**Deutsche Oper** 19.30 Rosalind Plowright sings the title role in Tosca, with Neil Shicoff as Cavaradossi. Tomorrow: Aida with Mara Zampieri in the title role. Sat: Die Zauberflöte. Sun: ballets by Balanchine, Roland Petit and Minkus (West Berlin 3410 249)
**Schauspielhaus** 19.30 Rolf-Dieter Arens plays piano music by Mozart in the Kammermusiksaal, also tomorrow. At 20.00 in the Grosser Konzertsaal: Lutz Kohler conducts the RIAS Youth Orchestra in music by Stravinsky and Bruckner. Tomorrow: Hans Rogner conducts the Berlin Radio Orchestra and Chorus in Sutermeister's Te Deum and Fauré's Requiem (East Berlin 2272 261)
**Philharmonie Kammermusiksaal** 20.00 Chamber music by Bloch and Copland. Sat: Berlin Baroque Orchestra. Sun at 16.00: John *Carewe conducts orchestral music* by Boieldieu and Beethoven (West Berlin 254880)

### ■ BOLOGNA

**Teatro Communale** Pizzi's Pesaro Rossini Festival production of Tancredi, with a cast led by Mariella Devia and Bernadette Manca di Nissa, also Sun at 15.30 and next Tues. Tomorrow and Sat in Chiesa S. Domenico: Gelmetti conducts Requiems by Donizetti and Sergio Rendine (529999)

### ■ BUDAPEST

**State Opera** 19.00 First night of *a new production of Rossini's Mose* in Egitto, staged by Gabor Miklos Kerenyi (further performances on Jan 26, 28, 30). The State Opera *repertory also includes* La bohème tomorrow and Don Giovanni on Sat.
**Erkel Theatre** 18.00 Khachaturian's Spartacus, also Sun evening. Tomorrow: La traviata. Sat: Rigoletto. Sun morning: Die Zauberflöte.

### ■ GENEVA

**Victoria Hall** 20.30 Piano recital by Deszo Ranki, with music by Liszt, Haydn and Schumann (219722)

### ■ GENOA

**Teatro Carlo Felice** 20.30 Roberto Abbado conducts John Copley's production of La bohème. Runs till Feb 2, with next performances tomorrow and Sun. The casts include Mirella Freni, Peter Dvorsky, Giorgio Zancanaro and Nicolai Ghiaurov (589329)

### ■ GOTHENBURG

**Konserthus** 19.30 Sixten Ehrling conducts the Gothenburg Symphony Orchestra in Stravinsky's Firebird and Symphony in Three Movements, plus Brahms' First Symphony. Repeated tomorrow at 18.00. Next Wed: Ehrling conducts Hilding Rosenberg's Fourth Symphony (167000)

### ■ LONDON

**THEATRE**

● The Cotton Club: the jazz musical inspired by the near mythical New York club arrives in London after an extensive European tour, in an all-black Dutch production directed by Billy Wilson. *Previews start tomorrow*, Press night next Wed (Aldwych 071-836 6404).
● Angels in America: Tony Kushner's play, first performed to great acclaim in San Francisco a year ago, is directed by Declan Donellan. The play is a riotous kaleidoscope of city-hopping, following the journey of a 30-year old Aids sufferer and his entourage. Press night tonight (Cottesloe, National Theatre 071-928 2252).
● Talking Heads: Alan Bennett stars in A Chip in the Sugar and directs Patricia Routledge in two more of his one-person plays, which were all originally seen on television. Now previewing, Press night on Mon (Comedy 071-867 1045).
● Good Rockin' Tonite: a musical revue of the 1950s and the birth of rock 'n'roll, in a tribute to television pioneer Jack Good, creator of the Six-Five Special. Now previewing, Press night on Tues (Strand 071-240 0300).
● Faith Healer: a revival of Brian Friel's play about the work of an artist and his relationships. An Abbey Theatre Dublin production starring Sinead Cusack, Ron Cook and Donal McCann, directed by Joe Dowling. Final preview tonight, Press night tomorrow, runs till Feb 16 (Royal Court 071 730 1745).

● For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

**MUSIC AND DANCE**

**Royal Festival Hall** 19.30 Kurt Sanderling conducts the Philharmonia Orchestra in Mahler's *Ninth Symphony. Tomorrow:* Vladimir Ashkenazy conducts the RPO in music by Delius, Berlioz and Ravel, with Jill Gomez soloist in Canteloube's Songs of the Auvergne. Sat: Franz Welser-Most conducts Bach's St Matthew Passion, with soloists including Lynne Dawson, Anne Sofie von Otter and Olaf Bär (071-928 8800)
**Queen Elizabeth Hall** 19.45 Trio Zingara plays piano trios by Beethoven, Shostakovich and Schubert. Tomorrow: Julian Bream. Sun: Richard Tauber centenary concert (071-928 8800)
**Covent Garden** 19.30 Frederick Ashton's production of La fille mal gardée. Tomorrow: Così fan tutte. Sat: Giselle (071-240 1066)
**Coliseum** 19.30 James Holmes conducts Richard Jones' ENO production of Die Fledermaus, with a cast including Vivian Tierney, Malcolm Donnelly, Lesley Garrett and Ann Howard, also Sat. Tomorrow: Xerxes (071-836 3161)

### ■ MADRID

**Auditorio Nacional de Musica** Tonight's concert of sacred music by the 17th century Spanish composer Carlos Patino is given by the Concento Musical de San Lorenzo del Escorial, conducted by German Torellas. Tomorrow, Sat and Sun, Edmon Colomer conducts orchestral and choral music by Henze, Gerhard and Cano (337 0100)
**Teatro Lirico La Zarzuela** 20.00 Antoni Ros Marba conducts Roberto Gerhard's opera The Duenna, with a cast led by Felicity Palmer, David Rendall and Richard Van Allan. Also Sat, Mon and next Thurs (429 8225)

### ■ NEW YORK

**Avery Fisher Hall** 20.00 Charles Dutoit conducts the New York Philharmonic Orchestra in Mozart's Symphony No 17, Szymanowski's Second Violin Concerto (soloist Chantal Juillet), Debussy's Prelude à l'après-midi d'un faune and Falla's Three-cornered Hat. Also tomorrow, Sat and next Tues (875 5030)
**Carnegie Hall** 20.00 Gil Shaham, accompanied by Rohan de Silva, plays violin sonatas by Beethoven, Prokofiev and Saint-Saëns, plus Wieniawski's Legende and Sarasate's Carmen Fantasy (247 7800)
**Metropolitan Opera** 20.00 First performance this season of Turandot, conducted by Nello Santi with Gwyneth Jones in the title role. Tomorrow: Der fliegende Holländer with James Morris and Janis Martin. Sat: Don Giovanni (362 6000)
**New York State Theater** 20.00 City Ballet in Peter Martins' The Waltz Project and Balanchine's Symphony in C and Mozartiana. Season continues daily except Mon till Feb 23 (870 5570)

### ■ VIENNA

**Konzerthaus** 19.30 Eliahu Inbal conducts the Vienna Symphony Orchestra in Shostakovich's Fourth Symphony, *also tomorrow*. In the Mozart-Saal: Heinrich Schiff conducts the Deutsche Kammerphilharmonie in music by Takemitsu, K.A. Hartmann and Beethoven (712 1211)

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Thursday January 23 1992

# Reforming the Finanzplatz

GERMANY'S ECONOMY may be a powerful industrial engine, but its domestic financial markets have always had an incongruously low-octane rating. The twin proposals last week to reform German bourse regulations and to introduce fully computerised share trading are much more than merely an attempt to put a tiger in the tank of the country's sometimes provincially-run stock exchanges. As Chancellor Helmut Kohl emphasised in Frankfurt this week, Germany is now committed to securing a place on international financial markets on a par with its status as the world's third largest economy.

More liquid, open and efficient financial markets will be of considerable benefit in the task of rebuilding east Germany, buttressing the time-honoured method of funding corporate investment via the banks. Additionally, after a run of insider trading affairs, Germany needs to improve the image of its financial sector in its political drive to bring the planned European central bank to Frankfurt – a goal to which Mr Kohl ascribes highest importance.

One significant factor behind the reform plan is the fear of further migration of share trades to London, which accounted for a sizeable chunk of dealing in German blue chips last year. Both for this reason, and to stoke domestic interest in Germany's equity markets, the big German banks have given full-hearted support to the Finance Ministry's package.

### Advancing integration

The aim of promoting harmonised conditions for business and investment across Europe would be ill-served if London, Paris and Frankfurt were simply to indulge in beggar-my-neighbour competition to boost their own market volumes. However, the changes planned in Germany seem on the whole a positive contribution to advancing economic integration. The absence of a centralised securities regulatory body in Germany, and the lack of legal redress against insider trading, have always looked like drawbacks; with the advent of the single European market, when cross-border supervisory co-operation will be even more necessary than it is now, such shortcomings would appear downright antediluvian.

### Central agency

Before the reform package can become law, Bonn must persuade the German Länder to transfer their present responsibility for securities supervision to a centralised agency. Some Länder show an almost medieval desire to cling to regional powers, as is shown by their resistance to slimming down the number of Land central banks which make up the Bundesbank. The ambitious Frankfurt stock exchange plan to introduce computerised trading by the mid-1990s may well be of benefit here in reducing obduracy. Frankfurt already handles more than 50 per cent of business conducted by Germany's eight stock exchanges. Setting up an efficient electronic system, capable of being operated from computer terminals all round Germany, could do far more to stimulate regional stock market interest than maintaining locally-supervised trading floors around the city squares of Land capitals.

As a country which has long upheld freedom of capital movements, Germany should ensure that the structure of the proposed computerised system is as harmonised as possible with those elsewhere in Europe.

Technology, however, is not enough; there is also a need for further improvement in overall trading rules. In time, both German and foreign investors must hope that some of the less open parts of the German system of corporate governance will be brought more into line with standards elsewhere.

Two particular problems are the lack of clear-cut division between banks' own-account investment activities and their dealing for clients, and insufficient rights for smaller shareholders in company takeovers. If the writ of Germany's mooted new securities agency were to extend into probing more fundamental issues like these, it would be a welcome surprise; and Corporate Germany AG might end up benefiting.

# Stuck at the airport again

THE TENS of thousands of airline passengers who will this summer spend hours munching peanuts on aircraft stranded on the tarmac should reflect upon what their disrupted journeys reveal about the state of European political and economic integration. In all likelihood their delays will be caused by the woeful deficiencies of Europe's patchwork air traffic control system. For years, politicians ignored warnings that a crisis was developing. Now it has arrived.

Mr Giovanni Bisignani, managing director of Alitalia and chairman of the Association of European Airlines, says that as air traffic picks up from the downturn induced by the Gulf war, the system may well buckle. Demand for air transport in Europe could easily double by the end of the decade.

Without significant improvements to European air traffic control systems, this growth will be funnelled into an extremely tight bottleneck. Flight delays have increased by 50 per cent in the past four years, so that at peak periods a quarter of flights are delayed by at least 20 minutes. The costs of these delays could amount to almost $10bn a year, according to a study which SRI, the Californian consultancy did in 1990 for the International Air Transport Association. The direct costs to airlines of having expensive capital lying idle are eventually passed onto passengers in higher fares.

### System's shortcomings

Behind these failures stand western Europe's 51 air traffic control centres, with their 31 different operating systems, running 22 types of software on computer hardware made by 18 different manufacturers. The European route structure, which is cut across by military demands for airspace, was drawn up 30 years ago, based on national boundaries which are becoming obsolete. Crossing Europe using these traditional routes is like travelling across London or Paris using only backstreets.

European air transport ministers have begun to tackle the system's shortcomings. From next year a body called Eurocontrol, operating from Brussels, will co-ordinate all civil air travel across Europe, to ease the flow of traffic and increase utilisation of the existing system. It aims to harmonise and integrate the computer systems used by national authorities by 1995, as well as overseeing investments in additional capacity in southern Europe, which becomes heavily congested in the summer.

### Drastic reduction

The question is whether this combination of a federal co-ordinating body, with national authorities, will provide the integrated system which post Maastricht Europe needs. Eurocontrol has no power over national public procurement practices, which are a root cause of system incompatibility. Nor is it clear that Eurocontrol can achieve the necessary drastic reduction in the number of control centres. Most significantly, summer congestion will only be reduced if tourists from the rich northern states help to pay, through taxes, for the poorer southern states to buy better radar systems. Flights leave northern airports at a rate which southern airports cannot handle. The most sophisticated radar systems in Europe can handle aircraft travelling just three miles apart. But in the worst areas of the Mediterranean the gap has to be more than 30 miles. Europe is operating at just half the capacity of the most heavily used north eastern corridor in the US.

American superiority is partly due to better technology, partly to the simplicity of a unified system run by the Federal Aviation Authority. When a plane wants to fly from New York to Los Angeles, it can proceed once its flight plan is cleared. That is what should happen in Europe. Instead just getting from London to Milan is like flying through an electronic maze.

Europe needs a unified system, building up from a core based upon the northern bloc, where operating systems are most compatible. That means politicians will have to discard procurement nationalism and airspace sovereignty in favour of the unified system European consumers deserve.

## Neil Kinnock, the Labour leader, spells out his plans for government to **Richard Lambert, Joe Rogaly** and **Philip Stephens**

# Many options, no favours

Striving for office has matured Mr Neil Kinnock. The leader of the Labour party has spent eight years preparing for the forthcoming general election, and it shows.

When we went to interview him in his office at the House of Commons yesterday we found him in good humour, confident, in control of his responses. His many detractors will regard this as a revelation. This is understandable. The Labour leader will never be accused of pithiness. He is by nature loquacious. Yet he seems to be aware of the huge effort of self-mastery that he must undertake if he is to stand a chance of winning.

Yesterday he gave full answers, but he did not ramble. He avoided more than a modicum of sub-clauses and dialectical by-ways. His language was in better focus than on many past occasions, public or private. He is still quite capable of living down to his poor image. But equally, if he performs on TV as he has demonstrated he can do in small gatherings – and sporadically in the Commons – he will be no easy mark for the Conservatives. To the extent that they are banking on the windbag image to see them through the campaign they may be in for a surprise.

What, we asked as a starter, are the positive reasons for supporting the Labour party? Mr Kinnock loved that question.

"We alone among the parties have a strong commitment to the development of the supply side of the economy," he replied. Britain had to match its major competitors in this area. He cited Labour's oft-promoted policies on training and education. "The major determinant of investment decisions and industrial location is the skills and potential capacities of the workforce, at every level." Labour would provide "a national framework that can be delivered locally in a partnership between training and educational elements and those who employ and will employ people".

**'I look at the most competitive economies in the world and I see that competition or competitiveness is not contradicted by intervention'**

Sounding a bit like the Labour leader of 1964, he alluded to the promotion of "discovering and innovating" – to be achieved through direct inducements for research and development. Tax incentives would be introduced to bring forward new investment, "so that the recovery is investment-led". The improvement of the "commercial and social infrastructure, particularly transport" had long been needed. This would include bringing private financing in to the railways.

But given Britain's membership of the exchange rate mechanism and Labour's promise not to go on a spending spree, how would Mr Kinnock's economic management differ from Mr Major's over, say, the next two years?

"People are regarding the participation in the ERM as a curtain drawn down on all options – and it isn't," replied Mr Kinnock. He sat forward and used his hands for emphasis. "The argument we made for going in and the argument that we make for staying in is that it is the real world. It's the place where we have to trade, make a living, win new markets, be successful." The question was not whether the ERM forbade action, but what action was necessary to make a success of the economy within the ERM.

The government was using membership of the ERM as one of its reasons for not doing anything but hanging around and hoping. The arguments for Labour's supply-side measures to facilitate greater convergence with Europe's stronger economies were even more powerful as a result of participation in the ERM. Ever the practised salesman of his party's policies, Mr Kinnock once again chanted the training-education-investment mantra quoted above, with a few additional items, such as technology trusts, thrown in.

But would anything much change in the short term? "By doing the things that will combat recession in the short term, especially in the construction and manufacturing industries, we build the basis for future economic success." As to the rapidity of recovery, "is anybody going to try to tell me that recovery dependent upon a rising tide of consumption, which is what the government hopes for, is going to be a quick way out of recession?"

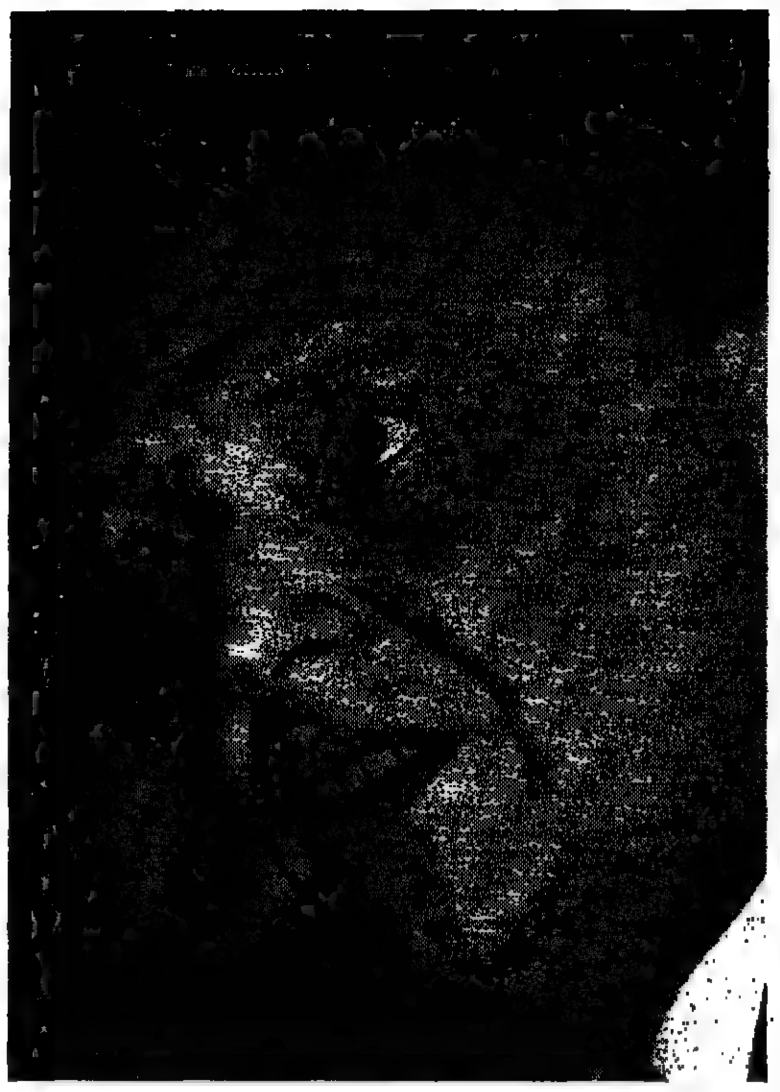
Nobody could argue that consumption-led recovery would be any quicker than investment-led recovery. The contrary was the case, Mr Kinnock said. Relying on consumption would mean be a rerun of the two circuits of boom and slump experienced in the 1980s, with the net result in the end of a weaker economy.

We moved to expenditure and taxation. Here an effort was made to pin Mr Kinnock down. It was not wholly successful.

"No opposition in history has ever been as candid as we are," he said. Pensions and child benefit would be raised, he affirmed. This would be done at once, in Labour's first Budget. Those on the very highest incomes were going to have to meet the bill for this. Mr Kinnock assured us that Labour's income tax changes would only apply to people earning "well in excess of £30,000".

Labour had taken the precaution of saying in successive policy documents that it had to retain the option – if it proved to be possible when the party had full access to the details of the exchequer – to introduce the changes in a way that would minimise the impact on personal and business budgets. Pressed for details, Mr Kinnock insisted that the final decisions would have to be made by Mr John Smith when in office as chancellor. Further pressed, he agreed that phasing-in of the proposed 50 per cent top rate tax was an "option".

It turned out that "option" is a useful little word. It was also applicable to phasing-in of the plan to lift the ceiling on liability for national insurance contributions. The ceiling would certainly be lifted, but not necessarily all at once. "We're only going to open the door," said Mr Kinnock, apologising for his mixed metaphor, "but there will be a choice, as to whether we open the door wide, or we open the door a little". The matter would be settled when Labour had the full access to complete information – ie when it was in government. Phasing-in the limitation of tax allowances to the basic rate, also a Labour policy, seemed also to be in the area of options, although on this Mr Kinnock appeared to be less at ease, or perhaps less rehearsed, than on the other tax questions.



Kinnock: 'recovery should be investment-led'

Overall he spoke as would any shadow chancellor or opposition leader. It was unrealistic "to assume that I can be explicit in all detail when we're not yet in government, we haven't yet seen the 1992 Budget, and there are substantial areas in which we could at best be guessing".

As to the government's forthcoming Budget, "we do not believe that the standard rate should be either increased or decreased. The consequence is that if the standard rate was in this Budget ... to be cut by 1p we would reverse that." The resources were necessary for the improvement of the public services. But what if the same amount of public money was used to lower tax thresholds? It could not be said that it was policy to reverse such a change. As to what Labour would in fact do, we had to wait for the information in the forthcoming Budget. "All else would be speculation."

A little more pressure on expenditure was applied. Training would be allocated an extra £800m of public expenditure. A total anti-recession package including training support, investment support and the like would cost at a round figure £1bn. "We're also talking about drawing down the capital assets held by local authorities in order to stimulate the construction industry and get some homes built and improved," said Mr Kinnock. He acknowledged that the size of this injection of expenditure could be enormous, but it would be phased in line with the capacity of the industry to respond. The skill shortage was one constraint.

We turned to the unions. Would the public sector unions not expect a Labour government to reward them for their good behaviour while the party was in opposition during the past few years?

"I've been saying ... since early 1984 ... that a Labour government would not be offering favours to anybody, on any side." Second, the unions "don't expect to get what they know they're not going to get". Third, "everybody understands that it's not possible for a government, or anyone else, to provide out of both pockets". People had to take account of the way in which the trade unions now approached the basic economic questions. The constantly repeated and strong emphasis was on investment, not consumption.

This, he said, was a recognition of where the emphasis must be in pursuit of the welfare of working people generally. It was understood that without strong economic performance there would not be significant rises in the standard of living. But what about Mr Kinnock's many complaints of "underfunding"? Would not the public sector unions quote these at him? Naturally incomes would be a part of the improvement of these services, he replied, but the unions faced the choice between a government that would maintain the underfunding and one that would constantly reduce it "by the proper use of resources".

But what if some unions nevertheless failed to be reasonable? Would a Labour government face down industrial action? "You're asking me to plan for next Christmas on the basis ... that our water tank is going to burst." Yes, that had been the experience of previous Labour governments. "The plumbing that we've got is superior to anything that anybody has had before," responded the Labour leader.

We tried another tack. Mr Kinnock, we said, you don't believe in competition, you believe in intervention. "I look at the most competitive economies in the world and I see that competition or competitiveness is not contradicted by intervention." The basic question was not whether to intervene or when to intervene but to what degree, and to what purpose. As among EC competitors, the purpose was to create an environment for productive business to flourish.

"We are introducing policies which enable, not control; policies which facilitate and not prescribe." Labour put forward this view "because it works". This was evident elsewhere. It appeared that Mr Kinnock had Germany much in mind, although he did not specify which competitor countries inspired Labour policies.

Asked about sectoral intervention, taking steel as an example, Mr Kinnock replied "it isn't intervention that the steel industry needs. What the steel industry needs is a more vibrant domestic market, specially in the manufacturing sector and a chance therefore to make even further increases in their productivity and be more competitive in difficult international markets." The industry did not need "some civil servant or minister sitting on their shoulder saying to them well, strategically this is what we think you should do, or in the micro economy, you'd better use this spanner instead of that spanner". That would be "absolutely ridiculous".

Finally, constitutional change. Labour would introduce a Scottish parliament at once. Wales, whose assembly was based on local government change, could probably be tackled within the lifetime of a full parliament. English regions, it appeared from Mr Kinnock's replies, would take somewhat longer.

Pressed on House of Lords reform, Mr Kinnock said that in terms of time scale we would have to say unknown. As to electoral system changes, he spoke confidently of Labour's preparation of the analytical ground for an in-party and a national debate. Was all this not just a ruse to con the Liberals into voting Labour? Ho ho ho said Mr Kinnock. He had stimulated what had been a formless debate, "completely apart from any consideration of the Liberals whatsoever." Since his parting shot was a prediction of a Labour overall majority of 20, this was hardly surprising.

# OBSERVER

## Blacked puddin'

■ As always, Rabbie Burns had a phrase for it: "The De'il's awa wi' th'Exciseman". But haggis-exporter John MacSween didn't pause to quote the bard, an exciseman himself, on hearing that US customs had blacked a consignment of best sheep's stomach stuffed with offal and oatmeal as unfit for human consumption.

"I think it's damn ignorance," growled the managing director of Charles MacSween and Son, of Edinburgh.

Alas, it is not only in the US that officialdom is denying expatriate Scots their authentic haggis for Burns Night on Saturday. A consignment to Tokyo was even seized and burnt.

While MacSween sees that as political – reflecting Japanese distaste for imports generally, rather than for the great chieftain o' the puddin' race in particular – food regulations specifically exclude it from Australia and New Zealand. And while Switzerland will admit portions of up to 2 kilos, Italy won't bite at all.

It is the transatlantic ban, however, that most irks the Edinburgh exporter, who claims US policy is inconsistent. Packages air-freighted to Boston have been let in without a glance; so was 20 kilos taken to New York as hand-baggage, passing through not only Customs but the airport X-ray machine without a hiccup.

## Snap shot

■ There is no more telling symbol of New York's ills. 47th Street Photo, the eccentric Manhattan electronics retailer known to bargain-hunters the world over, has hit the bankruptcy buffers.

Irving Goldstein, a Hungarian refugee, opened his first store in 1965 in the heart of the city's diamond district. It was staffed largely by Brooklyn's Hasidic jews and was quintessential New York. Service was fast and feisty, customers pushy and plentiful, and price counted above all. By the 1980s, 47th Street Photo had expanded to a five-outlet chain.

But those were the good old days. More recently, a vicious legal battle erupted between Goldstein and Joseph Fischer, a one-time consultant of his. Investments in real estate went sour, and price wars engulfed the electronics retailing sector generally. The last straw was when Transamerica froze bank accounts – prompting 47th Street Photo to seek refuge under Chapter 11 of the Bankruptcy Code. Ironically, the largest creditor is New York State, which claims to be owned $10.8m in back taxes.

## Handy

■ A missed introduction has turned into a golden handshake for one André Verbruggen. As sales director of the French office equipment firm ATAL, he was manning his company's stand at a Brussels exhibition when up for a chat rolled King Baudouin of the Belgians.

Alas Verbruggen neglected to introduce the king to his boss, who was so put out that he fired the sales director for a "serious misdemeanour". Whereupon Verbruggen appealed, and in his case before an employment tribunal received supporting evidence from the king, to whom he had written.

Baudouin's testimony, sent through the Grand Marshal of the Belgian court, pointed out that protocol forbade a mere subject to take the initiative in introducing royalty. Indeed, by imposing on the king the necessity of shaking hands with the boss, the sales director would have shown disrespect for the sovereign.

The tribunal handed down the judgment that there was no "real and serious" case for the dismissal, and awarded Verbruggen £20,000-plus in damages and back-pay.

"I spend all day swimming round and round, worrying about nitrates"

## Guru glut

■ It seems only yesterday that young Treasury economists were regularly deserting to the City, doubling their salaries as they went. But now I hear that Donald Franklin, Schroders' chief economist, has voluntarily moved the other way to become a mere Treasury indian, or economic adviser, salary range £24-37K.

Why? Boredom, he says; after nine years of churning out forecasts (a Nintendo-like activity these days) he hungers for the red meat of policy.

Well, maybe; but real-life markets take little notice of economic forecasts these days. As David Morrison of Goldman Sachs sourly remarked this week: "It seems like an inefficient use of time to try to assess 'economic pressures'." Perhaps soon redundant, too.

## Fun of the chase

■ The odd thing about Peter Greenall, 38-year-old new managing director of Warrington's Greenalls, is that he seems so keen to be seen as a nothing more than a regular business man.

He has plenty of perks not available to the ordinary executive. He lives in the family village of Daresbury, four miles south of Warrington, and will inherit the baronetcy when his father dies. Like his legendary grandfather, he is a great fox-hunter, chairs Aintree racecourse, and reputedly enjoys entertaining royals with his substantial fortune.

So why put up with the humdrum world of business?

The correlation between net worth and motivation is not very direct, he says, citing Edgar Bronfman of Seagram as an example of a much wealthier drinks merchant who works just as hard. Perhaps so, but it's rare indeed to find the seventh generation of a firm-owning family prepared to work as hard as the first.

## Retuned

■ Tass, the former Soviet news agency which kow-towed to the August plotters, need not look far for a company song now its name has been changed under Boris Yeltsin's latest bit of organisational retuning.

"Tass" stood for (in translation) Telegraph Agency of the Soviet Union. In full, the new name also has four words whose initial letters are the same in both Russian and English. It is Russian Information Telegraph Agency – all together now: "Lovely Rita .. media maid..."

## ECONOMIC VIEWPOINT

# Don't jettison the fiscal autopilot

**By Samuel Brittan**

*Question: Does the Treasury want to see the savings ratio go up or down?*

– Alan Budd (Chief Economic Adviser to the Treasury): *The question is what is meant by "want"? Our forecasts are based on the view that the savings ratio will fall. In that sense, for our forecast to be correct, this does imply that the savings ratio will fall, though it is currently at a very high level. If one wants to talk about broader, longer-term issues, about what is a desirable savings ratio, one might expect that a sustained higher savings ratio would be desirable for this economy. So we are distinguishing between whether a fall in the savings ratio might help the recovery, and where we want that ratio to settle in the longer term.*

Nicholas Budgen, MP. *Is this not very confusing, because Mr Major's last Budget as chancellor was designed to be a Budget for savings?*

(Proceedings of House of Commons Treasury Committee)

Fiscal policy is back in fashion. President Bush is planning to ask a willing Congress for a stimulus despite the large amount of red ink in the US Budget. If the British chancellor, Norman Lamont, cuts taxes and adds to public spending in the next Budget, cynics will ascribe it to the forthcoming election. Insiders will know that – so long as the headline size is not too grotesque – the boost will have some official support. In any case, any stimulus will take effect much too late to affect the election, and can therefore only be justifiable on its merits.

The special reason that will be given for departing from the medium-term approach to fiscal policy of the 1980s is that discretionary moves in monetary policy are blocked by the European exchange rate mechanism.

The government may well say that the unexpectedly high German interest rates following unification created a special situation for the UK, which *justifies the departure from the medium-term guideline* of balancing the budget over the business cycle. Under this guideline, which was adopted in the 1980s, both deficits and surpluses are meant to be limited to the automatic effects of recession and boom – the so-called built-in stabilisers.

We should now pause for breath. After all the efforts to persuade people to save, are policymakers now to stand on their heads and try to find inducements to make consumers *spend more, and move more slowly* out of debt? Contrary to what many suppose, this was not the view that John Maynard Keynes usually espoused.

The real-life Lord Keynes was not happy with budget deficits on current account. In the 1930s, he went around talking about the immense opportunities for improving the public capital stock, including the visual improvement of cities and the construction of buildings such as concert halls and art galleries, while at the same time reducing unemployment. What he wanted to see was a public-sector capital account split from the current account and which would be used to finance investment projects.

It was only when Keynesianism took over from Keynes that the budget balance was set aside and that tax cuts came to be regarded as even better demand stimuli than public capital works. This was due not so much *to pure theory*, as to Treasury convenience. While public spending projects take months or years to come on stream, taxes can be changed on Budget day.

A genuine problem is how to distinguish capital from current public spending. The old "line" with which Keynes was familiar was a legislative accident. If one looks at the more modern national income accounts, not everything that is called capital expenditure is true investment. For instance, the building of extra school lavatories counts as capital expenditure, whereas paying more for science teachers would add to the current deficit. The absence of a profit test makes assessment difficult.

There are many reasons why discretionary fiscal adjustments of all kinds – a better term than "fine tuning" – were abandoned in the 1980s. One standard objection was to do with lags. By the time the diagnosis had *been made, the government acted and* its measures took effect, the economy would already be on the upturn.

A more profound caution is that demand management of any kind can only be safely used to achieve nominal objectives – that is, a reasonable growth of demand in money terms. Too many pronouncements, especially in the US, give the impression that the president and the Fed have the power to determine the economy's real rate of growth by injecting more spending power, irrespective of infla*tion. There is less of this growthmanship* in the British Treasury, but there is still a danger of its re-emerging in the UK in an election year.

**Are policymakers now to stand on their heads and try to induce the consumer to spend more and incur more debt?**

Another objection used to be that if the money supply is kept to an unchanged target path, a fiscal stimulus would be ineffective and simply raise interest rates. As a result, private investment would be "crowded out". This formulation is out of date at a time when an exchange rate commitment has replaced the money supply *objective, and when free capital* movements mean that government can borrow more in world capital markets without bidding up local rates of interest.

There is still, however, a constraint at the international level. If several governments start borrowing more, interest rates will rise in the face of a money supply which in the EC at least is ultimately determined by the Bundesbank. A fiscal stimulus in the ERM would be like the US states borrowing more without any support from a Fed relaxation. They can try (if their local constitutions permit); but I would not place too much hope on it.

The one incontrovertible effect of budget deficits is the tax burden they will represent in future years. The *higher the present deficits,* the higher will be the future tax rate to service the national debt.

A further reason for caution is that the underlying British fiscal position is not nearly as sound as it looks. In the Autumn Statement, the Public Sector Borrowing Requirement of 3 per cent of gross domestic product was projected for the coming financial year. The Treasury Committee estimates that this becomes 5 per cent if privatisation receipts, council house sales and the like are added back. A thorough separation of capital from current items might trim this total back to some 3 per cent of GDP – which is already up against the presumptive limits agreed at Maastricht.

If we add together these underlying fiscal worries, the inconclusive nature of the evidence for a prolonged recession stretching for years ahead, and the fact that inflationary psychology is far from dead in the UK (as small businessmen who receive rent review *demands all tell me), the argument* for caution about a discretionary stimulus is overwhelming.

If something has to be done, my top priority would be to add to the capital stock. If anything is done on the personal tax side, it should be automatically reversible. The reason is not only to safeguard the fiscal position, but also because people – and especially if they are in a careful mood – will be more likely to respond to tax incentives which will run out by a *named date.*

Thus the first candidate should be some improvement in business capital allowances, which would run out within two years, and would not interfere with the structural reforms of corporal tax in the 1993 Budget.

My second priority would be an increase in public capital spending – despite all the difficulties and problems of abuse. For even if a conjunctual mistake were made, we would still be left with some structures of *lasting value.*

My third priority would be temporary reductions in indirect taxes. But in contrast to past use of consumer tax as a regulator there would be an announced date of when they could go into reverse.

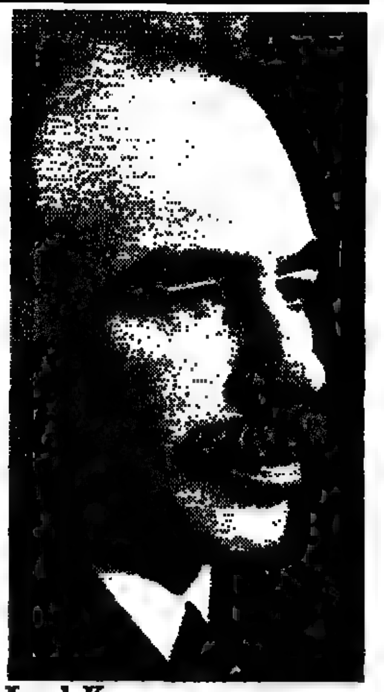
The very last relief on my list – I am sorry – would be an income tax reduction. No-one would believe that this would be temporary if the Conservatives were returned; and public spending trends leave no scope for a permanent reduction.

Thus I am still for limiting government discretion and for tying the hands of the present and future ministers. This, after all, is one of the many arguments for the ERM and an independent central bank.

**Composition of general government expenditure: % of GDP**

| | UK 1989 | UK Change from '79 | Germany 1989 | Germany Change from '79 |
|---|---|---|---|---|
| Total expenditure | 41.2 | -1.6 | 46.8 | -1.2 |
| **TRADITIONAL DOMAIN** | | | | |
| Public goods | 8.3 | -0.1 | 8.2 | -0.1 |
| Defence | 4.1 | -0.4 | 2.6 | -0.2 |
| Gen. public service | 3.6 | 0.3 | 5.6 | 0.1 |
| Other functions | 0.6 | 0.0 | 0.0 | 0.0 |
| **THE WELFARE STATE** | | | | |
| Merit goods | 12.8 | -0.8 | 12.7 | -0.6 |
| Education | 4.8 | -0.4 | 4.3 | -0.7 |
| Health | 5.0 | 0.4 | 6.5 | 0.4 |
| Housing and other | 3.0 | -0.8 | 1.9 | -0.3 |
| Income transfers | 12.9 | 1.0 | 18.5 | -0.9 |
| Income maintenance | 9.6 | 0.4 | 15.8 | -0.7 |
| Pensions | 6.2 | -0.2 | 11.3 | -1.0 |
| Sickness benefits | 0.3 | -0.1 | 0.7 | -0.1 |
| Family allowances | 1.8 | 0.0 | 0.8 | -0.4 |
| Unemployment compensation | 0.7 | 0.0 | 1.5 | 0.6 |
| Other income support | 0.8 | 0.7 | 1.5 | 0.2 |
| Admin and other spending | 1.5 | 0.2 | 2.4 | -0.1 |
| Other transfers (non-profit institutions etc) | 1.8 | 0.4 | 0.4 | 0.0 |
| **THE MIXED ECONOMY** | | | | |
| Economic services | 3.0 | -0.7 | 4.6 | -0.8 |
| Capital formation and capital transfers | 1.0 | -0.1 | 1.5 | -0.8 |
| Subsidies | 0.5 | -0.8 | 1.9 | 0.0 |
| Other | 1.5 | 0.0 | 1.2 | 0.0 |
| Public debt interest | 3.6 | -0.8 | 2.8 | 1.1 |
| Balancing item | 0.8 | -0.2 | 0.0 | 0.1 |
| Net lending | -0.1 | -3.3 | -2.1 | -4.7 |

Source: OECD Economic Studies, Autumn 1991



**Lord Keynes – Urged investment in recession**

## LOMBARD

# On God and democracy

**By Martin Wolf**

How should a liberal democrat react to the possible election of a government indifferent to individual human rights? Some of those who condemn the Algerian army's decision to prevent the election to power of the fundamentalist Islamic Salvation Front seem unaware that this is even a problem. But it is. The tyranny of the majority is still tyranny.

Suppose, for example, that a party dedicated to the physical extermination of a minority were on the verge of being voted into power. Would one condemn a force that prevented its election? The answer must be no. Nor is this an academic question. Although Hitler's National Socialists did not obtain an outright majority, they did obtain power through the ballot box; they did subvert the democratic process; they did exterminate several minorities; and, not coincidentally, they did start a war in which more than 50m people died.

Groups which intend either to subvert democratic politics or to suppress individual rights wholesale do not appear to be proper participants in such politics. This is the common sense view, but it is one that can be given a deeper justification: rights of individuals are prior to those of the state even if the latter is in the hands of a democratically elected government.

Among the reasons for defending individuals against democratically elected governments are the inherent defects of democratic politics. No elected government can claim the informed consent of the electorate. Self-evidently, it does not possess the consent of those who voted against it. But it does not even possess the informed consent of those who voted for it. Many of the details of its programmes are, in practice, neither widely known nor generally understood, while many of the contingencies with which it has to deal are, in principle, unknowable.

These points about democratic politics are at least as applicable to governments elected under proportional representation as to those elected under first-past-the-post electoral systems. Indeed, the programme of the government is even more unknowable under PR, given the horse-trading inherent in coalition politics.

Yet there is a more fundamental reason for claiming the priority of the individual over even the democratic state. The case for democracy derives from that for the individual's right to choose how to vote. If a government is legitimate only if it reflects such choices, it must be because a prior right of individuals to choose endows it with legitimacy. But that principle cannot be restricted to politics. It derives from the inherent capacity of adult human beings to make choices. This right must apply with greater force where what is to be chosen is closer to the individual concerns of the chooser than are politics.

If the case for democracy derives from that for individual freedom, the proper domains of government are where individuals cannot choose for themselves or where their choices will damage other individuals. A democratically elected government dedicated to the suppression of almost all individual freedom is a constitutional contradiction in terms.

What then should be the proper response of a liberal democrat to Islamic fundamentalism? The question to answer, an empirical one, is whether the election of such a government would impair fundamental individual rights, including, not least, that to cast a vote ever again. If, as seems likely, the impairment would be severe, then suppression of the election is not wrong, even though a still better solution than suppression would be a constitution that entrenches fundamental rights against the government.

Naturally, fundamentalists would see it differently. But this is because their claim to power is a mandate from God. Since democracy's is that of a mandate from the people, the two views are incompatible. It is doubtful whether any country in which a majority inclines towards a theocratic view of the state can be democratic. But this is not a problem that can be solved. It is a tragedy that has to be endured.

## LETTERS

### Pension funds need an effective whistle-blower

*From Prof Jeffrey Ridley.*

Sir, I am surprised that no mention is made in the article, "Simple duties of trustees" (January 11), of the responsibility of pension fund trustees to appoint auditors to audit the financial accounts and review internal control in their pension funds. The external audit of pension funds is an important part of the control of pension fund activities.

*I believe that the current* review of corporate governance and focus on the need for audit committees in listed companies should be widened to cover control in pension funds. There should be a link between the findings of the review and the control requirements for pension funds, some of which are registered companies.

In a research study conducted by the Institute of Internal Auditors in 1988, it was evident that very few had established an audit committee or an internal audit activity. I doubt whether this situation has changed very much since that time.

Internal audit can be an effective control and whistle-blower in a pension fund and if given a reporting line to an audit committee at trustee level, a provider of independent advice and information.

Let us all hope that out of today's debate and reviews there will be a stronger structure of audit in pension funds, both internal and external.

Jeffrey Ridley,
*(Visiting Professor of Internal Auditing,*
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*Bletchley,*
*Milton Keynes, MK3 6DD*

### What the outsiders at Lloyd's would do well to recall

*From Mr Tom Benyon.*

Sir, Most correspondence on Lloyd's indicates that the greatest casualty is that market insiders have managed to lose the trust of their employers – the outsider Names.

Sadly, many critics are deciding that they have had enough and leaving. Without critical Names the engine for reform at Lloyd's will stop. All the essential changes that have taken place in past years, and those suggested by the Rowland task force, have been wrested from the society by campaigning outside members. Not only have none been volunteered by the society itself but usually suggestions of change in the status quo have met strong resistance.

It is essential that all the recommendations made by Mr David Rowland are implemented without delay and I hope that ministerial pressure will be applied to ensure that this is done. Judging from the speed that key recommendations about restructuring the market governance were rejected by Mr David Coleridge, chairman of Lloyd's, such pressure will be needed.

But the report did not deal with problems of the past. They still remain unresolved and it is clear that no attempt is to be made to deal with them. Contrary to the tale sold by the Lloyd's PR machine, complaints from ruined Names are not just moaning and whingeing about losses fairly suffered in a well ordered market place. Outside members, trusting the reputation of Lloyd's for fair dealing, were not told that there were insider syndicates and as a result many never made significant profits even in the much vaunted good years. Many of those outside members were misled by their employees – their trusted agents. Whether these matters are resolved or not, in future, outside members will do well to recall Emerson's comment: "The more he talked of his honour the faster we counted the spoons."

Tom Benyon,
*The Society of Names,*
*The Old Rectory,*
*Adstock,*
*Buckingham, MK18 2HY*

### The taxation factor that may be inherent in a national lottery

*From I R T Ellis.*

Sir, May I offer some points which should be considered in assessing the role of a UK national lottery:

- In North America, where state Lotteries were reintroduced in 1964, they are often regarded in official circles as a form of "voluntary" taxation;
- There is also a view that lotteries are a regressive form of taxation (due to the socio-economic backgrounds of the majority of ticket purchasers);
- Unless reasonable value is offered, the lottery would not be successful – this may well mean that prizes should be 50 per cent of gross revenues.

In the current economic climate, however, perhaps a "voluntary" tax is preferable to other types.

Following the new Australian director of government statistics, perhaps an American (or Canadian) lottery director would be appropriate.

I R T Ellis,
*20 Fox Hill Village,*
*Haywards Heath, West Sussex*

**Fax service**

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

### Something of a record?

*From Mr R M H Heseltine.*

Sir, As a shareholder in Northern Developments, which went into receivership 18 years ago in the dark days of 1974, I have just received a second distribution of 6p a share, seven years after payment of a first distribution of ½p a share. A further distribution is said to be likely but the administrators are unable to indicate whether it will be in this millennium or the next.

Is this a record or just par for the course?

R M H Heseltine,
*29 Gibson Square,*
*London N1 0RD*

### Solutions to the career problems of women with children

*From Ms Sheila Keeble.*

Sir, Your articles on the state of child care coupled with your report ("Few top company jobs go to women", January 20) on the scarcity of female representation at board level in British companies suggested one obvious solution to me.

There is one job which in terms of hours and remuneration would be eminently suitable for most women with children – that of non-executive director. Perhaps if more women were offered this opportunity we would also see a change in the corporate culture in a country which makes the arrival of children such a problem for working women.

Sheila Keeble,
*55 Ballot Street,*
*Greenwich, London SE10*

*From Ms Victoria Franklin.*

Sir, As a mother in charge of two small children and my own London public relations company, Diane Summers' article on obstacles to women's career opportunities ("The lit*tle things that mean a lot",* January 13) touched a chord.

My own employment experience bears testament to the unimaginative rigidity of many employers and the frustrations faced by many professional women with a mind to combining career and motherhood.

With an Oxford university degree and 12 years' experience in PR behind me, I tried to persuade my corporate employer to let me return to work on a flexible basis after the birth of my first child. I offered to take a 50 per cent pay cut to carry on doing the same amount of work, if they would let me return on a three *day* a week basis. I even guaranteed to put in extra time at short notice whenever required. My employer remained locked in an established policy of only accepting post-natal women back to work on a full time basis.

With regret, I left the company. Before long I had set up my own business, with control over my working arrangements, and was reaping the rewards of a considerably higher income.

I determined never to lose a valuable employee through inflexibility. I have a good team of female PR executives, and will soon welcome back my deputy director to a two, then three day week following the birth of her first child.

Victoria Franklin,
*managing director,*
*Premier Relations*
*18 Exeter Street,*
*Covent Garden, London WC2*

FINANCIAL TIMES
Thursday January 23 1992

# Boudiaf heads off threat of Algerian strife

By Robert Graham and Francis Ghilès in Algiers

A WEEK after returning from 28 years in exile to run Algeria's emergency council of state, Mr Mohammed Boudiaf has headed off a threat of serious civil strife for the moment.

By a skilful mix of concession and repression, and exploiting his untainted political credentials, this 71-year-old veteran independence leader has won an important breathing space. He has successfully countered the pressure from the Islamic Salvation Front (FIS) which was denied certain victory in the banned second round of the country's first multi-party elections that should have been held on January 16.

But the FIS has been careful to avoid a confrontation either by calling a strike or by bringing its people on to the streets to protest the annulment of the elections.

Within the past few days the army has returned to barracks, leaving only a discreet presence of tanks outside key buildings. But it has retained a tight cordon at night on roads leading to the capital.

The authorities have kept the FIS guessing whether or not the organisation would be banned. They have also been careful to allow the press to speak freely: however the bulk of the press has been inimical to the FIS's declared aim of establishing an Islamic society.

Mr Boudiaf's return from exile in Morocco was negotiated by the six members of the Higher Executive Committee. The latter was formed in the wake of President Chadli Bendjedid's resignation on January 12 and is the real decision maker.

Before agreeing to lead Algeria in such dramatic circumstances after being so long opposed to what he described as a military dictatorship, Mr Boudiaf secretly visited Algiers.

The conditions he set for his return remain undisclosed, but it has been clear from the outset he intends to be more than a mere puppet.

Mr Boudiaf's known opposition to military rule has convinced many Algerians that the military intends to play a constructive role. At the same time, the formation of the Council of State as a consultative body composed of an astute mix of respected public figures unifying the country's complex regional and religious activities, has signalled the authorities' desire to operate by consensus.

In his only public statement, Mr Boudiaf warned the FIS that in a country where Islam is the state religion no single group could claim it has a monopoly. Equally significant, he was withering about the national liberation front (FLN), which has dominated Algerian political life since independence.

He said the party had merely abused the authority it acquired when it united Algeria to fight French colonial rule.

The FLN emerged from the first round of the elections as the biggest loser and Mr Boudiaf's comments are likely to accelerate its demise in its present form. The party has attempted to establish a dialogue in recent days with the FIS, but this has confused its rank and file and left it directionless.

The other main lay party, the Social Front (FFS), headed by Mr Hocine Ait Ahmed, the veteran Kabyle leader, has also sought a dialogue with the FIS and protested against the annulment. But Mr Ait Ahmed has conceded the need for national consensus and his opposition remains token since he is opposed to the imposition of full Islamic rule.

The FIS appears unable to decide whether to play for time and accept it must operate under new rules or go underground. Against this background Algeria's new rulers believe they can count on a significant element in the FIS vote having been a protest against corruption and the FLN's abuse of power. But this protest vote, if that is what it was, will only be weaned from the well organised FIS by quick measures which address popular grievances of housing and employment.

## Fundamentalist leader held

Mr Abdelkader Hachani, the provisional leader of Algeria's fundamentalist Islamic Salvation Front (FIS), was arrested by police yesterday in the Algiers suburb of Bacharah.

Police seized Mr Hachani together with a lawyer and several supporters who were accompanying him at the time. All but Mr Hachani were later released. Meanwhile, the Algerian authorities banned all public assembly around mosques, the main gathering place for the FIS.

Mr Hachani, 35, an oil engineer, took over leadership of the FIS when its top leaders were seized on June 30 after clashes between FIS militants and security forces.

# Haughey denies all knowledge of illegal phone tap

By Tim Coone in Dublin

MR Charles Haughey's position as Irish prime minister, and the future of his coalition government, was hanging in the balance last night after allegations that he was fully aware in 1982 of an illegal telephone-tapping operation.

Mr Haughey yesterday denounced as "monstrous and unfounded" the accusations made by his former justice minister, Mr Sean Doherty, who said on Tuesday night that over several months in 1982 he had given Mr Haughey transcripts of the taped conversations of two journalists who were being investigated over cabinet leaks.

"At no stage did [Mr Haughey] indicate disapproval of the action which had been taken," said Mr Doherty, who resigned yesterday as chairman of the Irish Senate.

Opposition leaders yesterday called for Mr Haughey's resignation. Mr Dick Spring, leader of the Labour party, said: "If Mr Sean Doherty is being truthful, then the prime minister has lied consistently for nine years, to his own cabinet, to his party, to the Dail [parliament] and to the country ... for the sake of his party and the country, he must be got rid of now."

Mr Haughey said yesterday: "I wish to categorically state that I was not aware at the time of the tapping of these telephones, and that I was not given and did not see any transcripts of the conversations."

He asked: "Why should I resign for something someone else has done?"

But he may still be forced out of office if his denials fail to convince either his own Fianna Fail party members or the junior coalition partners, the Progressive Democrats (PD), on whose votes his majority depends.

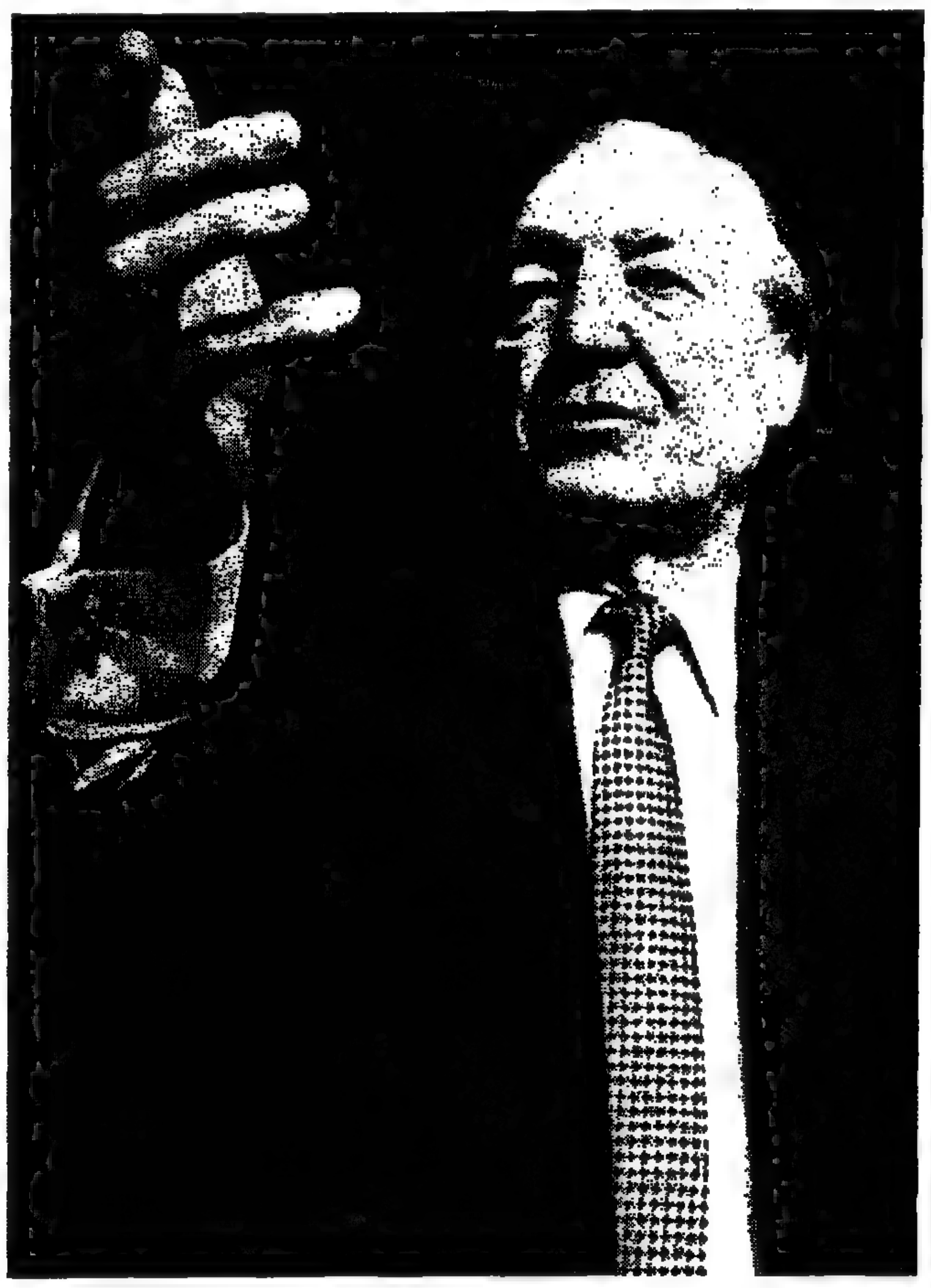
Mr Des O'Malley, the PD leader, said after a spate of government scandals last year that any further incidents which could undermine confidence in the government would force him to reconsider his party's future in the government.

Mr Padraig Flynn, a former environment minister who was sacked by Mr Haughey last November for supporting a backbench leadership putsch against him, said yesterday: "Fianna Fail cannot hope to improve its position under Mr Haughey's leadership. The issue now is to restore the party's political integrity."

Mr Haughey claimed yesterday that Mr Doherty was "part of a campaign designed to replace me as leader of the Fianna Fail party and [as] prime minister".

Mr Doherty lost his cabinet post over the bugging affair, and at the time said Mr Haughey was not informed of the phone-tapping warrants he had authorised. However, on Tuesday night he said that Mr Haughey "had known and had not expressed any reservation during the several months in which he received from my hands copies of the transcripts of the taped telephone conversations".

Continued on Page 20



Irish premier Charles Haughey: accusations are "monstrous and unfounded"

# UK Labour leader 'would reverse election tax cuts'

By Philip Stephens, Political Editor, in London

MR Neil Kinnock, leader of Britain's Labour opposition, yesterday promised that a Labour government would reverse any cut in the basic rate of income tax made by the Conservative government ahead of the election. The government, planning an election early in April, will deliver its budget on March 10.

In an interview with the Financial Times – in which he predicted a Labour majority in Parliament of 20 seats – Mr Kinnock hinted he would be loath to campaign on a promise to overturn a budget move to raise tax thresholds.

The Labour leader said he would continue to encourage "constructive debate" on constitutional reform – including the introduction of a proportional voting system. But he dismissed suggestions that such a change might be part of a deal with the smaller Liberal Democrat opposition party if the election failed to produce a clear result.

The announcement by the government of a relatively early budget date confirmed that prime minister John Major wants, if possible, to call a general election for April 9. But Mr Kenneth Clarke, the education secretary, signalled that the government should keep its options open by confirming a preference for May 7 or, possibly, late June.

Mr Norman Lamont, the chancellor of the exchequer, accepted in the House of Commons yesterday that the promised economic recovery had not yet materialised. He insisted, however, that it would become "firmly established" during the year.

Facing a continuing Conservative onslaught on his tax and spending proposals, Mr Kinnock sought in his FT interview to dismiss recent confusion over the timing of proposals on tax and national insurance contributions.

He said: "What is certain is that we will raise pensions and child benefit, we will remove the ceiling on National Insurance contributions. There will be a 50 per cent top tax rate. And that tax change will apply only to those earning well in excess of £30,000 ($53,700) a year".

Beyond that, the timing of both the tax and NI contributions increases needed to pay for the higher child benefit and pensions would depend on the "the details available to us in government". He added: "The only time and place when a final decision can be taken on that is when John Smith (Labour's finance spokesman) is sitting in the Treasury."

If Mr Lamont used his budget to cut the basic rate of income tax by 1p to 24p in the pound, Mr Kinnock had no doubt Labour would fight the election on a policy of reversing it. The party's long-established policy had been that it should neither be increased nor decreased, he said.

But he was equivocal about the response if tax thresholds were raised by the Conservatives. "You are giving me an invitation which I can't take up. We could not have a policy relating to thresholds – or a variety of other options open to the chancellor – unless and until we know what he is going to do in terms of the resources available".

Background, Page 7
Interview, Page 14
Samuel Brittan, Page 15

# Britain to reimburse Baltic states for gold

By Kenneth Gooding, Mining Correspondent, in London

BRITAIN is to compensate the Baltic states for their gold which it held on deposit in 1940 at the time of the Soviet takeover. The gold was sold by the UK government in 1967 for £5.8m. Today it is worth more than £90m ($162m).

Mr John Major, Britain's prime minister, said yesterday after a meeting with Mr Vytautas Landsbergis, the Lithuanian president, that the Baltic states could have either the gold or the cash equivalent.

Mr Landsbergis said Lithuania would prefer gold, and for the gold to be kept in the Bank of England.

Mr Douglas Hogg, Britain's Foreign Office minister, said the settlement "closes a shameful chapter in Britain's history". He recalled that the gold had been sold by Mr Harold Wilson's Labour government in 1967, and that this was "a betrayal of the people of the Baltic states", as well as "an act of appeasement towards Moscow".

Most of the proceeds from the 1967 sale went to settle British citizens' claims for assets lost in areas which became part of the Soviet Union. Britain also gave the Soviet government £500,000 from the proceeds.

A Bank of England official said that, under the terms of yesterday's settlement, Lithuania was entitled to £19m or 94,748 troy ounces of gold; Estonia to £31m or 154,754 ounces and Latvia to £42m or 210,719 ounces.

The total, roughly 14 tonnes, represents about 2.5 per cent of the UK's official gold reserves. Bankers suggested the UK government might use gold from the estimated 620 tonnes in its reserves or simply buy it in the London bullion market.

It is widely expected the other Baltic states will opt for their gold to be kept in the Bank of England to provide credibility when they launch their own currencies. The precious metal could be used as collateral for loans or for swaps – where gold is sold for cash but the seller also contracts to buy the metal back at a future date.

The amount of gold is relatively small in bullion market terms, and the price of gold was unaffected by the announcement. It closed in London last night at $357.30 an ounce, down 70 cents.

THE LEX COLUMN

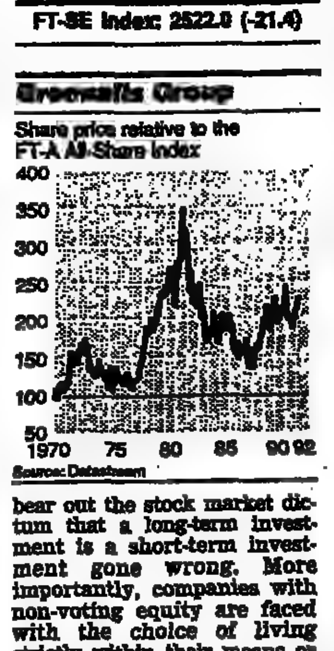
# Germany's winter of discontent

The Bundesbank's willingness to incur international unpopularity last December by raising interest rates suggests that the looming threat of a domestic steel strike will leave it unperturbed. Ultimately, its readiness to take its foot off the monetary brake will depend on the outcome of the wage round, not on the degree to which economic activity is disrupted in the meantime. From that perspective, the breakdown in the steel talks has a positive element which may explain the calm response of German financial markets yesterday. It at least means the employers are not prepared to cave in.

The steel workers are in a relatively weak situation, since over-supply and depressed prices in Europe make their claim hard to press. A strike which the unions lost would set a tough precedent for the much more important engineering industry talks which have yet to start. Thus, even as the industrial situation hots up, it is becoming possible to perceive an outcome which would enable the Bundesbank to start cutting rates.

The problem is one of timing, as it now looks as though the wage round will be lengthy. The steel workers' contract actually expired last October. That of the engineering workers does not expire until the end of March. If their negotiations work to the same timetable, it could be well into the third quarter before German rates fall. That would be far too late to influence the timing of the UK election and so distant as to render forlorn any hope of Germany agreeing to participate in concerted easing at this weekend's meeting of the Group of Seven.

FT-SE Index: 2522.0 (-21.4)



Source: Datastream

## Greenalls

Greenalls' decision to enfranchise £470m worth of its equity is a useful blow for UK shareholder democracy. The reason for relinquishing family control is simple enough; the company wants to tap the equity market. But it is also significant that Greenalls had already broken with its origins by getting out of brewing. Along with retailing, the brewing industry is one of the last bastions of the non-voting share.

Even from a management viewpoint, non-voting equity is a two-edged instrument. In protecting against takeover, it may perhaps allow a long-term view of investment. The kind of company which needs protecting, though, is likely to bear out the stock market dictum that a long-term investment is a short-term investment gone wrong. More importantly, companies with non-voting equity are faced with the choice of living strictly within their means or accepting the risk of high gearing. A company such as GUS, which has chosen the former route, has proved a correspondingly stodgy performer. Whitbread, whose gearing is creeping upward as a result of its heavy investment programme, may have to succumb to democracy in the long run.

Both companies might reflect on the fact that Greenalls' non-voting stock went up yesterday by just 1p to 398p. This is partly technical, since the exercise involves a 7 per cent dilution of the non-voting shares to compensate the voting shares for loss of influence. That apart, the market is partly bracing itself for a cash call to finance expansion, partly reflecting that Greenalls is not in any case an obvious takeover candidate. The reason is encouraging – that having freed itself from the toils of history, Greenalls can now stand on its own feet.

## Oil price

One of the stranger arguments doing the rounds in the oil market is that Saudi Arabia is happy with low crude prices because it wants to see President Bush re-elected – the theory being that cheap oil will help stimulate the US economy in time for November's election. Given that most oil shares have been struggling to overcome the effects of the depressed crude price, it is perhaps worth considering a different view of Saudi thinking.

The fact that the Saudis and the United Arab Emirates joined several Opec colleagues and voluntarily cut their production two days ago sits oddly with the notion that they want to keep prices below $18 per barrel, let alone allow them to move even lower. The Saudi government will be acutely aware that every $1 off the oil price reduces its revenues by $2.5bn at a time when the country is running a budget deficit estimated at $8bn this year. There must be cheaper ways to help Mr Bush.

There is the additional consideration of the Saudis' role in the Middle East after the Gulf war and the importance of establishing good relations with Iran. Finally, the Saudis are doubtless aware a lengthy period of weak oil prices could increase the danger of consumer countries slapping on additional taxes to satisfy their consciences over the environment. The forthcoming Opec meeting should resolve the argument, but the case for slightly higher oil prices looks the stronger.

## Rosehaugh

The odds on a Rosehaugh/Stanhope merger were always limited, given the complexity of their corporate structures and the difficulty of getting two sets of shareholders and three groups of bankers to agree on anything. Even so, last night's announcement that the talks have finally been called off creates a rather unnerving vacuum.

One must assume that the trouble in the negotiations lay principally in persuading Stanhope's bankers to take on the Rosehaugh rump, consisting of its assets minus the 50 per cent stake in the RSD joint venture. Conspiracy theory says that Stanhope would be happy for Rosehaugh to be put into liquidation, thereby allowing it to achieve full control of RSD by the back door. Such an idea hardly seems plausible. Stanhope's balance sheet and profit and loss account could not stand the pressure, while a capital-raising exercise would be out of all proportion to the size of the company.

The theory also assumes the banks will pull the plug on Rosehaugh when the standstill agreement expires at the end of next week. Whatever yesterday's news may have done for sentiment, such a solution would serve little purpose. An orderly liquidation of Rosehaugh assets is effectively under way. Formalising the procedure would only precipitate bigger write-downs for the banks and further destabilise a still fragile property market.

## WORLDWIDE WEATHER

| | | °C | °F |
|---|---|---|---|
| Ajaccio | S | 9 | 48 |
| Algiers | F | 15 | 59 |
| Amsterdam | S | -3 | 27 |
| Athens | F | 12 | 54 |
| Bahrain | S | 17 | 63 |
| Bangkok | F | 30 | 86 |
| Barcelona | F | 4 | 39 |
| Beirut | F | 15 | 59 |
| Belfast | F | 3 | 37 |
| Belgrade | C | -1 | 30 |
| Berlin | S | -7 | 19 |
| Biarritz | F | 2 | 36 |
| Bombay | S | [illegible] | [illegible] |
| Bordeaux | S | -2 | 28 |
| Boulogne | [illegible] | 0 | 32 |
| Brussels | S | -2 | 28 |
| Budapest | S | 0 | 32 |
| Buenos Aires | F | [illegible] | [illegible] |
| Cairo | F | [illegible] | 54 |
| Cape Town | F | 25 | 77 |
| Caracas | R | 27 | 81 |
| Casablanca | F | 15 | 59 |
| Chicago | F | 1 | 34 |
| Cologne | S | -1 | 30 |
| Copenhagen | S | 0 | 32 |
| Corfu | R | 12 | 54 |
| Dallas | C | 8 | 46 |
| Dublin | F | 4 | 39 |
| Dubrovnik | | – | – |
| Edinburgh | S | 0 | 32 |
| Faro | S | [illegible] | [illegible] |
| Florence | F | 3 | 37 |
| Frankfurt | S | -2 | 28 |
| Geneva | F | -6 | 21 |
| Gibraltar | S | 14 | 57 |
| Glasgow | C | 2 | 36 |
| Helsinki | C | 1 | 34 |
| Hong Kong | S | 17 | 63 |
| Innsbruck | S | -7 | 19 |
| Inverness | F | 6 | 43 |
| Islamabad | C | 16 | 61 |
| Istanbul | F | 7 | 45 |
| Jakarta | R | 31 | 88 |
| Jersey | S | 1 | 34 |
| Johannesburg | F | 25 | 77 |
| Lima | F | 28 | 82 |
| Lisbon | S | 9 | 48 |
| London | S | 3 | 37 |
| Los Angeles | S | 9 | 48 |
| Luxembourg | S | -3 | 27 |
| Madeira | C | 16 | 61 |
| Madrid | S | 6 | 43 |
| Majorca | F | 11 | 52 |
| Malaga | F | 11 | 52 |
| Malta | F | 17 | 63 |
| Manchester | S | 2 | 36 |
| Manila | R | 30 | 86 |
| Melbourne | F | 26 | 79 |
| Mexico City | C | 23 | 73 |
| Miami | S | 19 | 66 |
| Milan | Sn | 0 | 32 |
| Montreal | S | -18 | 0 |
| Moscow | C | 0 | 32 |
| Munich | S | -4 | 25 |
| Nairobi | S | 29 | 84 |
| Naples | F | 8 | 46 |
| Nassau | F | 24 | 75 |
| New Delhi | S | 21 | 70 |
| New York | S | 1 | 34 |
| Nice | S | 9 | 48 |
| Nicosia | S | 16 | 61 |
| Oporto | S | 8 | 46 |
| Oslo | C | -4 | 25 |
| Paris | S | -2 | 28 |
| Peking | S | 4 | 39 |
| Prague | S | -3 | 27 |
| Reykjavik | F | 0 | 32 |
| Rhodes | S | 16 | 61 |
| Rio de Janeiro | [illegible] | [illegible] | [illegible] |
| Rome | F | 9 | 48 |
| Salzburg | S | -2 | 28 |
| San Francisco | S | 4 | 39 |
| Seoul | S | 1 | 34 |
| Singapore | F | 30 | 86 |
| Stockholm | C | 1 | 34 |
| Strasbourg | F | -1 | 30 |
| Sydney | S | 29 | 84 |
| Taipei | C | 16 | 61 |
| Tangier | F | 13 | 55 |
| Tel Aviv | R | 12 | 54 |
| Tenerife | C | 19 | 66 |
| Tokyo | S | 12 | 54 |
| Toronto | C | -12 | 10 |
| Tunis | F | 14 | 57 |
| Valencia | C | 9 | 48 |
| Venice | F | 0 | 32 |
| Vienna | C | -2 | 28 |
| Warsaw | S | 0 | 32 |
| Washington | S | -1 | 30 |
| Zurich | C | -6 | 21 |

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
# COMPANIES & MARKETS

Thursday January 23 1992

INSIDE

### Staff may take control at Algoma

Employees of loss-making Algoma Steel will end up controlling Canada's third biggest steelmaker under restructuring proposals filed in an Ontario court yesterday. The rescue plan provides for Algoma to be restructured into a new corporate entity in which 60 per cent of the common shares will be issued to employees over five years. Page 20

### A tough task ahead

Mr Jorma Ollila, the surprise choice to be president, chairman and chief executive of Nokia, the European technology group and the largest of Finland's private companies, has a tough task facing him over the coming months. The board hopes he will pull Nokia out of the doldrums and return it to the expansion it enjoyed in the 1980s. Page 18

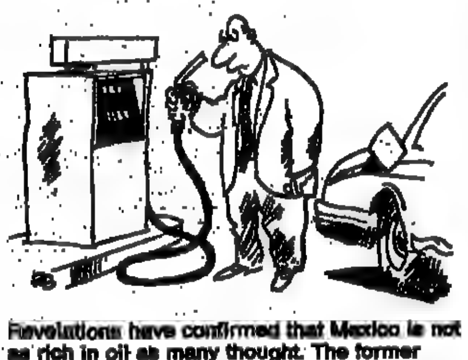
### Brazil enters the spotlight

After star performances by other Latin American stock markets over the last few years, Brazil is getting its turn in the spotlight. Share prices surged 44.9 per cent in dollar terms in December and 29 per cent this month, catapulting Brazil into first place among emerging markets. Some observers predict that the country will end 1992 as the world's best performer. Page 40

### Newman Tonks falls by a third

Pre-tax profits have fallen by more than a third at Newman Tonks, the international architectural hardware group. In the year to last October they came to £15.1m ($27.02m) compared with £23.5m in 1989-90. In 1991 it was expected that the company would feel the benefits of continuing investment, acquisition and rationalisation in 1992. But now 1993 seems more likely. As Paul Cheeseright reports, Newman Tonks is a recovery stock. The difficulty is knowing when the recovery will take place. Page 25

### Mexico's disappearing oil



Revelations have confirmed that Mexico is not as rich in oil as many thought. The former vice-president for exploration and production at Pemex, Mexico's giant oil monopoly, has accused the company of lying about its reserves, saying they were twice actual levels. Page 27

### Market Statistics

### Companies in this issue

### Chief price changes yesterday

**FRANKFURT (DM)**

| Rises | | | |
|---|---|---|---|
| AEG | 217 | + | 7.5 |
| Horten | 190 | + | 8 |
| Porsche | 600 | + | 20 |
| **Falls** | | | |
| Bilfing Berg | 957 | – | 13 |
| MAN | 342.1 | – | 6.8 |
| Rosenthal | 235 | – | 7 |

**NEW YORK ($)**

| Rises | | | |
|---|---|---|---|
| Campbell Soup | 38⅞ | + | 1⅝ |
| Computer Assoc | 14⅛ | + | 2¼ |
| Conseco | 67⅛ | + | 2½ |
| Delta Air Lines | 73⅞ | + | 2 |
| Henley | 28½ | + | 2¼ |
| **Falls** | | | |
| Monsanto | 66¾ | – | 2⅞ |

**PARIS (FFr)**

| Rises | | | |
|---|---|---|---|
| Gaumont | 730 | + | 15 |
| **Falls** | | | |
| Cap Gemini | 290 | – | 7 |
| Chargeurs | 962 | – | 30 |
| Geophysique | 546 | – | 14 |
| Oreal | 193 | – | 10 |
| Peugeot | 655 | – | 23 |

**TOKYO (Yen)**

| Rises | | | |
|---|---|---|---|
| Daito Wool | 1720 | + | 200 |
| Koyo Iron | 912 | + | 82 |
| Nippon Mining | 580 | + | 46 |
| Teisei Prefab | 2300 | + | 220 |
| Zexel | 584 | + | 53 |
| **Falls** | | | |
| Toa Elec | 510 | – | 50 |

New York prices at 12.30.

**LONDON (Pence)**

| Rises | | | |
|---|---|---|---|
| Applied Holog | 103 | + | 19 |
| Greenalls A | 199 | + | 25 |
| Bank Johnson | 75 | + | 9 |
| RCO | 385 | + | 17 |
| Sage | 354 | + | 18 |
| Savills | 38 | + | 5 |
| Trevian | 43 | + | 3 |
| **Falls** | | | |
| ADT | 423 | – | 15 |
| Alex Workwear | 64 | – | 5 |
| Borland Intl | 3750 | – | 100 |
| BP | 286 | – | 7 |
| Eurotunnel | 443 | – | 12 |
| Hillsdown | 153 | – | 7 |
| Lep | 8½ | – | 8½ |
| Lonrho | 154 | – | 11 |
| MEPC | 381 | – | 17 |
| Mid & Scot Res | 34 | – | 4 |
| Porter Chadburn | 55 | – | 9 |
| Sentry Farming | 51 | – | 10 |
| Shandwick | 35 | – | 3 |
| Union Discount | 150 | – | 24 |

# Restructuring charges hit Monsanto

By Alan Friedman in New York

*MONSANTO*, the Missouri-based chemicals company that is one of the biggest in the sector, yesterday disclosed a 45.8 per cent slump in its 1991 net profits, to $296m.

The company, which managed a solid rise in its fourth-quarter net profit – from $31m to $66m year-on-year – attributed much of the poor 1991 showing to its decision to take $325m of restructuring charges.

Monsanto's 1991 sales were $8.9bn, down from $9bn in 1990. Fourth-quarter sales also declined, from $2.2bn to $2.1bn.

The company said its agricultural division suffered a $29m operating loss in the fourth quarter, reflecting seasonally low herbicide sales.

The chemical unit achieved more than doubled fourth-quarter operating income, thanks to lower raw materials costs and other cost savings.

But the chemicals division suffered a $154m operating loss for the year, compared with a $297m profit in 1990.

The Fisher controls unit reported lower earnings for both the quarter and the year, while the Nutrasweet artificial sweetener business benefited from higher sales and lower manufacturing costs in the quarter.

For all of 1991 Nutrasweet's operating income was down, however, at $173m, against $183m in 1990.

The Searle pharmaceuticals division achieved $170m of operating income in 1991, up sharply from $93m in 1990, thanks to strong sales of products such as the Calan calcium channel blocker and the Cytotec ulcer preventive drug.

Monsanto's expensive biotechnology research project cost $57m in 1991 losses, up from $52m in 1990.

This division has spent hundreds of millions of dollars in recent years developing innovative products such as a variety of synthetic hormones that induce cows to produce more milk and seeds that produce insect-resistant cotton.

But US regulators have yet to approve the products, which may not be on the market until the mid-1990s.

Wall Street reacted to Monsanto's results by marking the company's share price $2⅞ lower, to $67.

● **Schlumberger**, the international oilfield services group, yesterday reported a 43 per cent jump in its 1991 net income, to $816m. The profits rise was boosted by $177m of extraordinary gains from investment sales and was struck on revenues of $6.15bn, 16 per cent up on the previous year.

## Martin Dickson reports on restructuring at United Technologies

# Second stab at the cost-cutting exercise

It is not every day that the chairman of one of the largest companies in the US announces that he is setting in motion "a transformation that is more profound and more potent than any single event in the corporation's history".

Yet that was the message this week from Mr Robert Daniell, chairman of United Technologies, the Connecticut-based aerospace and building products group best known for its Pratt & Whitney aero-engines, Sikorsky helicopters, Otis elevators and Carrier air conditioners.

Mr Daniell was announcing plans for restructuring the business over the next two years, which will involve: the elimination of 13,900 jobs, about 7 per cent of the workforce; the closure or consolidation of more than 100 facilities around the world; improvements in product design, engineering and manufacturing processes; and a $1.28bn charge against fourth-quarter earnings, pushing UTC to a net loss of $1.02bn in 1991.

The goal is to improve UTC's faltering financial performance, which has been hit by recession and a downturn in US defence spending, and boost its return on equity to 18 per cent by 1994, compared with around 15 per cent in 1990.

Since the summer, the company has been signalling its intentions to cut costs yet Wall Street was surprised and impressed by the scale of this week's pruning, while a little sceptical over how easily UTC can achieve its aims.

UTC faces tough markets for many of its main products over the next few years, and some analysts still need convincing that, in spite of a widely praised shake-up at the group over the past five years, its management is ruthless enough to achieve the necessary change. That is presumably why Mr Daniell went out of his way this week to assure Wall Street that "United Technologies will be a very different company, leaner and tougher minded."

UTC is already much improved from the bureaucratic, complacent business that Mr Daniell took over as chief executive in the mid-1980s. At that time, customers of Pratt & Whitney, one of the world's big three aero-engine manufacturers and UTC's most important business, were so tired of poor service that they were deserting to US rival, General Electric.

Mr Daniell set about the kind of cultural change many large US corporations are now attempting: pushing responsibility from the centre to smaller, focused groups more responsive to customers' needs, while cutting costs through staff reductions and improvements in manufacturing techniques and inventory control.

The changes had a dramatic effect. Pratt cut its manufacturing costs by 21 per cent between 1987 and 1991, while its improved service and new PW4000 engine for wide-bodied jets helped push its share of firm aero-engine market orders from 29 per cent in 1988 to 35 per cent in 1990. UTC's net income rose from $636m in 1985 to $751m in 1990, with Pratt accounting for 60 per cent of operating profits.

However, the past year has seen UTC's financial performance reverse, with group operating profits dropping from $1.65bn in 1990 to $968m on virtually unchanged revenues of $21bn. The most serious drop is in its power division – essentially Pratt – where profits were halved from $1.01bn to $502m.

Like rivals GE and Britain's Rolls-Royce which have also announced restructurings, Pratt has been badly hit by the recession in the commercial airline business and the wave of consolidations and bankruptcies among US carriers.

Sales of commercial spare parts, which aero-engine manufacturers rely on for a large part of their profits, have slumped, while competition for new orders is forcing manufacturers into give-away prices.

Moreover, the end of the Cold War and the gradual reduction in the Pentagon's budget means that most US defence contractors face declining business, and Pratt is no exception, in spite of its victory last year in the battle to supply engines for America's Advanced Tactical Fighter.

The Otis elevator and Carrier air-conditioning businesses have also been badly mauled by the severe downturn in the US building industry, while depression in the car industry has hit UTC's auto-parts division.

This much harsher environment has exposed UTC's reshaping over the past five years as not having gone far enough, fast enough.

Pratt & Whitney, for example, says its manufacturing costs are still 5 per cent higher than those of rival GE Aircraft Engines. At the same time, Pratt's market share of firm engine orders slipped back to 29 per cent last year.

Mr Daniell's new restructuring is meant to solve these problems. All UTC businesses will be shedding staff and cutting production capacity, although the biggest changes will take place at Pratt, which will cut its labour force by 5,000, or 11 per cent, and eliminate 30 per cent of its manufacturing space.

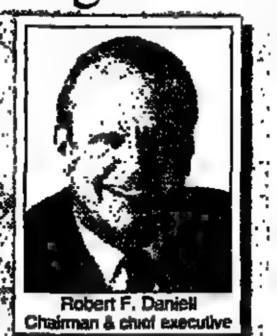
Pratt aims to be the industry's low-cost producer by 1994 and the changes will also involve revamping its manufacturing processes and relations with suppliers.

Unless the plan goes badly awry, Pratt's medium-term future should be reasonably bright, because of its model range, emphasis on international partnerships and the expected growth of world airline traffic in the second half of the 1990s.

Otis and Carrier, the world leaders in their markets, would also benefit from a recovery in the US economy. Carrier, which has repeatedly disappointed Wall Street with poor earnings, may be about to benefit from a burst of capital spending which could boost its market share.

It will probably take years to determine whether this week's package amounts to the "profound" transformation promised by Mr Daniell, or is a more superficial recessionary remedy. But at the very least, the plan will give a much-needed boost to UTC's profits potential over the next few years.

**United Technologies**



Robert F. Daniell
Chairman & chief executive

| Revenue $ billion (year end Dec 31) | 1988 | 1989 | 1990 | 1991* |
|---|---|---|---|---|
| Power | 5.35 | 6.99 | 7.29 | 7.26 |
| Flight systems | 3.70 | 3.78 | 4.03 | 4.00 |
| Building systems | 6.51 | 7.24 | 7.99 | 8.10 |
| Industrial products for the automotive and other industries | 1.93 | 1.93 | 2.62 | 2.10 |

| Operating profit (loss) $ million (year end Dec 31) | 1988 | 1989 | 1990 | 1991* |
|---|---|---|---|---|
| Power | 579.1 | 939.7 | 1,009.9 | 502.0 |
| Flight systems | (36.9) | 26.1 | 89.5 | 52.0 |
| Building systems | 388.0 | 458.0 | 424.6 | 341.0 |
| Industrial products for the automotive and other industries | 214.8 | 155.9 | 150.0 | 64.0 |

Source: Company reports. * Before charges

# Maxwell inquiry uncovers new trust

By Bronwen Maddox in London

A SEVENTH secretive Liechtenstein foundation, the Hesto Trust, has been uncovered by investigators who are probing an alleged scheme by the late Mr Robert Maxwell to support the share price of Maxwell Communication Corporation.

*It also emerged yesterday that* at least £200m missing from the public Maxwell companies and their pension funds was used to buy shares in MCC in April, June and July last year, and that to conceal the identity of the buyer, the orders were placed by Swiss and Liechtenstein trusts managed by independent lawyers.

It has now been established that in almost all of the 20 to 30 share deals under investigation, the money to pay for the shares was channelled through the private Maxwell companies, particularly Robert Maxwell Group and Bishopsgate Investment Trust, and was not routed through the overseas trusts.

That new evidence will intensify investigators' questions about whether Goldman Sachs and other stockbrokers who sold shares – ostensibly to the trusts – should have been aware of the real identity of the buyer.

At the time, Goldman obtained verbal confirmation from clients buying MCC shares that they were not connected to Mr Maxwell, and written confirmation subsequently from all but one.

Hesto, together with six other foundations, or "stiftungs", named last week by the Financial Times, is believed to have had a central role in the share support operation.

The MCC shares ostensibly acquired by the overseas vehicles were held in some of Mr Maxwell's 400 private companies.

The private companies used them as security to raise more loans – and then used some of that money to buy more MCC shares, in a spiral which piled ever greater amounts of debt on a tiny base of assets.

As well as the £200m used in concealed support of MCC shares, investigators have traced £200m spent in raising Mr Maxwell's publicly-declared holding in MCC from 51 per cent to 68 per cent, and a further £100m in funding the 1991 trading losses of the private Maxwell companies.

It is unlikely that this money can be recovered.

No evidence has yet been found to suggest that the trusts have been used to stockpile cash or assets, nor to route funds anywhere but back to Maxwell companies.

# Swedish banks to bail out Gamlestaden with SKr2.2bn

By Robert Taylor in Stockholm

SWEDEN'S 14 commercial banks are to provide SKr2.2bn ($383m) in the form of subordinated loans to cover losses and restore the balance sheet of Gamlestaden, the property and finance company.

The banks took control of Gamlestaden last August after its collapse as part of Nobel Industries, the chemicals and defence group controlled by Mr Eric Penser, the financier, when bad property loans exhausted its capital.

Yesterday's latest rescue move, led by Skandinaviska Enskilda Banken, followed the startling announcement earlier in the day from Gamlestaden that its credit losses for 1991 are likely to total SKr6.5bn.

This is about SKr3.8bn more than originally feared.

Last summer the banks provided new capital totalling just over SKr5bn to Nobel Industries to cover the SKr5.4bn they lost through investments in Gamlestaden. Their estimated outstanding loans to Gamlestaden are SKr14bn.

The need to provide more financial support for the rescue of the company comes as a blow to the Swedish banks which are already facing severe difficulties.

The magnitude of their soaring credit losses was revealed yesterday by Mr Gabriel Urwitz, chief executive of Gota Bank, who said they would total about SKr25bn for 1991, 2.0 per cent of all loans.

He also warned that credit losses for the banks would remain high this year and through 1993.

It would not be until 1995-1996 that losses would decline, possibly to 0.5 per cent of all loans made, he said.

*Gamlestaden gave a number of* reasons yesterday for the deterioration in its credit losses:

- it had increased the quality of its risk assessment;
- there had been several investment write-offs involving losses;
- the impact of a weak financial market had become more pronounced.

Yesterday's SKr2.2bn subordinated loan is conditional on the acquisition of all Gamlestaden's remaining shares at SKr1.50 a share by the banks, which own 91 per cent of them through Gamlestaden Interessanter.

As a result of their complete ownership of the finance company, the banks intend to carry out an eventual controlled winding up of Gamlestaden.

# LEP shares fall after warning

By Michiyo Nakamoto in London

LEP Group, the troubled UK security and freight forwarding group, saw its already depressed shares halved to 8½p yesterday after it announced that it would have to make "a very substantial amount of write-offs and provisions" against its property exposure and renegotiate its finances.

The refinancing of the group's £470m ($841m) debt is likely to lead to a partial swap of debt for equity by its bankers and follows a refinancing agreed in September. That agreement was "basically a holding position whilst we ascertained what the long-term needs [of the group] would be," according to Mr John East, finance director.

Shares in ADT, the UK security group which owns 27 per cent of LEP, also dropped on the news, losing 3 per cent to 423p.

LEP Group said that write-offs and provisions would have to be made for "most or all" of its exposure to US property, as well as some of its UK property exposure. The sum is likely to be significantly higher than the £20m extraordinary provision it suggested it would have to make against its US property exposure, when it reported interim results in September.

LEP's involvement in US property is mainly in California, where property values have been particularly hard hit. The group's US properties were valued in its 1990 accounts at $150m (£83.70m).

Further provisions are likely to be needed against its UK properties which were valued at the end of December 1990 at about £145m. The bulk of this relates to the Swiss Bank House, which is in the books at £123m. The UK properties are being individually valued, Mr East said. The group's dire financial situation has triggered an extensive reassessment of its activities. "We're reviewing the whole business," Mr East said.

After discussions with bankers, LEP is reconsidering the disposal of its US security business, National Guardian Corporation, which was planned to reduce debt.

The US business has been on the market since at least June last year and talks were continuing with two prospective buyers, Mr East said.

However, if the banks decided to take a long-term view of the group by converting some of their debt into equity, they might decide that in the long run it would be better to keep NGC as part of the group, according to LEP's financial adviser.

# Greenalls share change completes transformation

**By Philip Rawstorne in London**

GREENALLS, the UK pubs and hotels group, is to abolish the two-tier share structure that has enabled the Greenall family to maintain control of the company.

Enfranchisement of the group's shares will complete its transformation from a 230-year-old family-owned regional brewer into a national retailer.

The move aroused speculation yesterday that it was the prelude to a rights issue to fund a large acquisition, either of pubs or hotels; it also sparked a stock exchange scrutiny of share dealings that preceded the announcement.

Under the proposals, "A" shareholders, who have had superior voting rights, will get one ordinary share for every two "A" shares.

The price of the "A" shares, which had been unchanged at 153p since December 3, rose sharply on Tuesday to 171p, a gain of 18 per cent. They rose again yesterday to 207p before closing at 199p.

Mr Andrew Thomas, managing director, denied there were any plans for a rights issue or any immediate acquisition. But he added: "It is important that the company has maximum flexibility in terms of access to financial markets in order to respond rapidly to opportunities for investing in existing business areas as they arise."

Changing the share structure would help provide that flexibility by increasing the number of institutional investors and improving the marketability of the shares.

"It is a natural progression in our strategy after the switch in direction which culminated in the closure of our breweries last year," Mr Thomas said.

Mr Thomas, who is to become chairman and chief executive in September, conceded that the changes could make the group more vulnerable to a bid, but said they would help its expansion.

The group would like to add at least another 100 pubs to its estate of 1,400 and to increase its 105 catering inns and budget hotels by about 50 per cent.

It has ambitions to add to its De Vere hotel chain, particularly in London, and aims to establish a substantial presence in the off-licence business.

The changes will reduce the voting rights of the Greenall family interests from 53 per cent to 17 per cent.

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# Federconsorzi assets valued

**By Haig Simonian in Milan**

FEDERCONSORZI, the financially-troubled Italian farm services group, should be able to pay creditors 73.9 per cent of what they are owed, according to documents presented to the Rome court overseeing its affairs.

Separately, Banca Nazionale del Lavoro (BNL), the state-owned banking group which owns 50 per cent of Agrifactoring, a factoring concern closely involved with Federconsorzi and also in financial difficulties, has put forward a plan to end its long-running differences with foreign creditor banks.

BNL would be prepared to give priority to other bank creditors to Agrifactoring before repayment of its own loans, provided foreign banks restored normal commercial relations with BNL. Some foreign banks have frozen credit lines or cut foreign exchange trading links with BNL following its refusal to honour Agrifactoring's borrowings.

The ability of Federconsorzi to pay more than 40 per cent of its borrowings fulfils one of the conditions required when government-appointed commissioners turned to the courts to prevent formal bankruptcy proceedings last year.

However, it will be up to creditors to decide at a meeting on January 29 whether they are satisfied with the repayment level, or want to trigger bankruptcy proceedings. While most large Italian banks have expressed willingness to back the procedure, foreign banks, which lent around L300bn ($251.25m) to Federconsorzi, have demanded instant repayment.

The 100-page document presented to the court is limited to a detailed valuation of Federconsorzi's assets, rather than going into the reasons for its financial problems or identifying those responsible.

According to its findings, Federconsorzi's 13 per cent stake in Banca Nazionale dell'Agricoltura, Italy's second-biggest private bank, is worth L282.7bn, while its 89 per cent holding in the Credito Agrario of Ferrara is valued at L119.9bn.

# European drive by big US mutual fund

PUTNAM, one of the biggest US mutual funds, has mounted a fresh campaign to penetrate the European institutional and retail fund management industry, writes Barry Riley.

The Boston-based subsidiary of Marsh & McLennan yesterday announced the appointment of a British unit trust expert, Mr Jonathan Custance Baker, to the new London-based post of director of European business development.

Although Putnam has maintained a London investment office for some years, and is thought to have been an underbidder two years ago for Gartmore, the London investment house bought by Banque Indosuez, its marketing presence in Europe has been minimal.

However, it established a Japanese operation a year ago and, in the meantime, its business in the US has been booming, with worldwide assets up 23 per cent to $52bn during 1991.

Mr Custance Baker, 42, ran James Capel's unit trust business until six months ago.

# Rosehaugh, Stanhope halt talks on merger

**By Vanessa Houlder, Property Correspondent, in London**

ROSEHAUGH and Stanhope, the indebted property companies which jointly own the Broadgate office complex in the City of London, yesterday called a halt to their on-off merger talks.

The companies issued a statement to the stock exchange, which said "agreement is unlikely in the near future and . . . a further period of prolonged uncertainty would not be in the best interests of their respective shareholders".

The news sent Stanhope's share price down from 25p to 23.5p and Rosehaugh's down from 6½p to 5¼p.

However, the failure of the talks came as little surprise to most observers, who have long believed that the obstacles to a merger were formidable.

Ever since the talks were announced last summer, progress has been extremely slow. One of the largest problems facing the groups was getting agreement among their 70 banks. The banks, which had loans secured against more valuable assets, were concerned that a merger could impair loan quality.

Rosehaugh, which announced the breach of its covenants and pre-tax losses of £227m in December, issued a statement to the stock exchange yesterday which said that its discussions with its banks had always been on the basis that it would remain an independent company.

Rosehaugh is trying to negotiate a medium-term facility with its banks. It has a standstill agreement with its banks until the end of the month which may need to be renewed if agreement on the facility is not reached. Discussions between its banks have been drawn out because some unsecured lenders, in particular some Japanese banks, have been seeking to improve their priority ranking.

Stanhope announced annual pre-tax losses of £77m ($137.83m) and a 30 per cent fall in net asset value in October.

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# Putting Nokia back in the black

## The company's new president has a tough job, writes **Robert Taylor**

MR JORMA OLLILA, the new president, chairman and chief executive of Nokia, the European technology group and the largest of Finland's private companies, faces a tough task.

For the first eight months of last year, Nokia made a pre-tax loss of FM205m ($47.3m) compared with a FM425m profit last time, on sales down 31 per cent. It warned 1991 as a whole would show a substantial loss.

"My first priority in the short term will be to get the company back into profit," says Mr Ollila. Although he is cautious about the immediate outlook, he hopes Nokia will be making money again by the end of this year.

Jorma Ollila: first priority is a return to profit

Sales have fallen steeply in the important consumer electronics division, with a big drop in colour television sales in the German market. The slump in the Finnish construction industry hit the cables and machinery division, while the performance of basic industry areas covering tyres, chemicals and power was unimpressive. It is only in the mobile telephones division – under Mr Ollila's leadership since February 1990 – that Nokia has thrived. The division is forecast to grow at an annual rate of 30 to 40 per cent for the rest of the decade. Nokia is the second largest maker of mobile phones, after Motorola of the US. Mr Ollila believes Nokia will break into the Japanese market later this year.

Nokia has already tried to divest some of its ailing activities. Last May, it sold its loss-making data division to ICL, the UK computer group 80 per cent-owned by Fujitsu of Japan. Nokia's important, but ailing, consumer electronics area requires particular attention for restructuring.

Further divestments cannot be ruled out, along with additional cuts in the group's 27,000-strong workforce, which has already been slimmed by 10 per cent over the past two years.

Mr Ollila plans to centre on four core business areas: mobile telephones, consumer electronics, telecommunications and cables. "This will be our main thrust," he says.

Although he does not regard strategic alliances with other companies in consumer electronics as "a quick fix," he does see Europe developing along lines similar to the trends in Japan and the US.

The Nokia board hopes Mr Ollila can supply the vision, energy and business acumen that the company enjoyed under chief executive Mr Kari Kairamo during the 1980s. Since Mr Kairamo's suicide in 1988, Nokia has gone through a period of consolidation.

NOKIA'S transformation under Mr Kairamo from a producer of basis products such as rubber, cables and paper into one of Europe's largest consumer electronics companies was rapid. Mr Simo Vuorilehto, Mr Kairamo's successor, focused on internal structural changes.

Mr Vuorilehto, who retires this summer, had been Kairamo's right-hand man and, over the past three years, has exercised a calming influence on the company.

Although the arrival of Mr Ollila, 41, in the top spot may have brought a change in generations, it looks as though he intends to build on the foundation set by Kairamo and Vuorilehto, rather than turn Nokia in any new directions.

# French media shake-up intensifies

**By Alice Rawsthorn in Paris**

CANAL PLUS, the French pay-TV station, and the media arm of Lyonnaise des Eaux, the water and construction company, plan to invest in MCM/Euromusique, the French version of the MTV pop video cable channel.

The planned deal is the latest in a series to have been mooted on the French media scene in recent days.

Earlier this week, Canal Plus announced it was joining forces with TF1 and M6, two other French TV stations, to create a news channel – a French counterpart to CNN, the successful US round-the-clock news service – in place of La Cinq, the collapsed TV channel.

Meanwhile, Mr Silvio Berlusconi, the Italian media mogul and one of the main shareholders in La Cinq, hopes later this week to announce plans to rescue the station. Mr Berlusconi, a controversial figure whose activities in France have been viewed sceptically by the French government, dismissed the proposed French news channel as "unworkable". He claimed his proposals would create a service with "strong news input".

The news of Canal Plus and Lyonnaise's investment in MCM/Euromusique comes at a sensitive time for France's cable system, which is struggling financially in the face of low audiences figures. Lyonnaise, one of the heaviest investors in cable, faces losses of around FFr400m ($74.1m) on its cable operations this year.

Lyonnaise will take 11 per cent and Canal Plus 15 per cent of MCM/Euromusique, which forms part of the French government's attempt to prevent France's cable networks from being dominated by foreign programming. Existing investors include Générale des Eaux, another water company involved with cable, and PolyGram and Sony.

# Kone buys German cargo lashing maker

KONE, the Finnish elevators and cranes group, has acquired Conver-OSR, the German company which is one of the world's largest suppliers of cargo lashing equipment for merchant ships, writes Robert Taylor.

Conver has an annual turnover of DM110m ($69.6m).

For the eight months ended August 1991, Kone's marine technical division enjoyed a 50 per cent growth in sales to FM439.8m ($101.6m) while its order book stood at FM753m at the end of last August.

● Electrolux Autolive, Europe's largest maker of car safety belts and part of the Swedish Electrolux group, is to form a joint venture company with NSK of Japan for the production and sale of air bag systems and components to the Japanese and Korean car industries.

# Paris plans new insurance sales limit

**By William Dawkins in Paris**

THE FRENCH cabinet yesterday tabled plans to give state-owned insurance companies greater scope to sell shares to private investors.

The proposal, foreshadowed last year, would allow the big three state insurance groups – UAP, AGF and GAN – to sell up to 49 per cent of their shares to the public, up from the 25 per cent fixed by special rules applying at present.

If agreed by parliament at its spring session, this would extend to insurers the same freedom accorded to state industrial groups late last year.

By bringing insurance group rules in line with the rest, the government hoped to "encourage the dynamism of the public financial sector", says the draft law. UAP is 75.5 per cent-owned by the government and state interests, while AGF is 72.3 per cent state-owned and the GAN is 77.8 per cent state-held.

# JCI gold mines produce 28% rise in profits

By Philip Gawith in Johannesburg

SUCCESSFUL cost containment and productivity increases at the Randfontein mine allowed Johannesburg Consolidated Investment's (JCI) gold mines to show a 28.6 increase in net profits for the December quarter.

Net profits rose to R58.4m ($20.90m) from R45.4m the previous quarter. Of this, R54.5m came from Randfontein, which recorded a 46.1 per cent rise. A large part of Randfontein's success arose from a productivity bonus scheme reached with workers in exchange for a low annual wage increase last year.

The mine produced 7,821kg of gold at R26,018 per kg in the December 1991 quarter compared with 7,868kg at R27,694 per kg in the December 1990 quarter.

Mr Bill Nairn, managing director of the gold and uranium division, said that workers had received, in terms of the productivity scheme, about 28 per cent of the benefits from the mine's improved performance. This involved the mine paying out about R5.2m in productivity bonuses during the quarter, which translates to a wage rise of about 12 per cent. The interim dividend was lifted by 25 per cent to 25 cents per share.

Less fortunate was the performance of the Western Areas mine. Serious flooding in October resulted in gold production dropping by 5 per cent to 2,791kg.

This fed through to a 62.2 per cent decline in net profits to R2.96m. The Joel mine, which is still undergoing development work, lifted net profits to R890,000 from R201,000, but continued to make a loss after capital expenditure.

Encouraging news came from the South Deep prospect, where a new mine may be developed. Sampling in the shaft pillar area has produced considerably better results than contained in the prospectus.

# Doubts at ICI Australia

ICI Australia, the chemicals and pharmaceuticals company 62.4 per cent owned by the UK group, cannot confidently predict whether the current year's profit will be a significant improvement on the 1991 result, Mr Milton Bridgland, chairman, said yesterday, Reuter reports from Melbourne.

Sales for the three months to December were 3 per cent down on the same period last year.

He told the annual meeting the immediate outlook was dominated by the uncertainty of both overseas and home economies. "We do not expect significant improvement in the Australian or New Zealand economies this financial year."

# FCC to shed paper and packaging units

By Robert Gibbens in Montreal

FLETCHER Challenge Canada, which is 72 per cent owned by the New Zealand forestry and resources conglomerate Fletcher Challenge, is selling its western packaging manufacturing and distribution businesses as part of a strategy to concentrate on pulp and paper.

FCC has put up for sale Crown Packaging, a British Columbia producer of corrugated containers and other packaging products, and Crown Papers, a western wholesaler of printing papers, stationery and industrial products.

Mr Doug Whitehead, chief operating officer of Fletcher Challenge Canada, said that both Crown Packaging and Crown Paper have been "very successful enterprises," even during the current economic downturn.

"However, they have become essentially stand-alone operations. Meanwhile, significant external economic changes have created a situation where these enterprises would do better with different owners with stronger strategic interests in the relevant businesses," he said.

FCC has already put sawmills up for sale and seeks a partner for its big Crofton newsprint corporation in British Columbia.

# Fischer sells 31% stake to Japanese

By Steven Butler in Tokyo

FISCHER Gesellschaft, the family-owned Austrian sporting goods company, is selling a 31 per cent equity stake in the company to its two Japanese importers for Sch150m ($13.38m).

Kanematsu, the trading company, and Goldwin, the sportswear maker, are each acquiring 15.19 per cent of Fischer, while Kanematsu's German subsidiary is acquiring 0.62 per cent.

The acquisition continues a trend of Japanese companies buying into famous European brand names. Fischer is the world's third largest maker of Alpine skis and the largest supplier of cross country skis.

Kanematsu said the Fischer family, which owns the company, approached the Japanese importers in search of an equity partner which could inject capital to expand the business. Kanematsu has been the import agent for for 27 years, and said the equity link would lead to closer ties between the two companies that would promote a more stable supply relationship and strengthen sales.

Fischer has 920 employees and is expected to achieve sales of Sch780,000 in the year to the end of February. It produces about 845,000 sets of skis a year and 200,000 tennis rackets.

Kanematsu and Goldwin import about Y4.5bn ($36m) a year of Fischer equipment. The total Japanese market for ski gear is about Y250bn a year, 40 per cent of which is clothing. The market is growing by about 10 per cent a year.

# BCCI branch may reopen

MR Noel Gleeson, provisional liquidator of Bank of Credit and Commerce Hong Kong (BCCHK), said the local unit of the now defunct Bank of Credit and Commerce International hopes to reopen under another name by the end of March, Reuter reports from Hong Kong.

Mr Gleeson also said a bid by Hongkong Chinese Bank, part of the Lippo group, to take over the bank had been delayed by claims by BCCI, but none of them had been found valid so far.

Depositors must approve any bid and they would have 25 days to consider it before holding a vote.

Hongkong Chinese Bank, as head of a consortium, agreed in November to take over BCCHK, which was closed in July when BCCI collapsed.

Mr Gleeson is still trying to obtain a guarantee for the bank's unrecorded liabilities from the government of Abu Dhabi, which controlled BCCI. Otherwise the deal could be rejected by the local High Court.

# Coles Myer to put agribusiness unit up for sale

By Bruce Jacques in Sydney

COLES MYER, Australia's biggest retailer, has signalled further concentration on its core operations with a decision to put its Sandhurst Farms agribusiness offshoot up for sale.

Mr Brian Quinn, chief executive, announced the move yesterday, saying the company could no longer justify retention of a business of such magnitude.

"We are predominantly a retail operation and fresh food manufacture no longer fits comfortably into our business structure," he said. "Further, the rapid expansion of Sandhurst means that it has outgrown the reason for its acquisition which was to supply dairy and beef products to our supermarkets divisions."

Coles Myer acquired Sandhurst in 1987 and developed it into one of the country's largest agribusiness operations with annual sales of about A$120m (US$88.2m) involving 75m litres of milk and 60,000 head of cattle.

# Wesfarmers bid faces rejection

BUNNINGS, the Western Australian timber group, has recommended that shareholders reject a A$163m (US$122.3m) takeover bid by Wesfarmers, an agriculture, coal and gas group, Reuter reports from Perth.

Bunnings said an independent report by Ernst and Young, the accountancy firm, concluded the offer was not fair and reasonable.

Ernst and Young valued Bunnings' shares at between A$4.30 and A$4.70 each, compared with the Wesfarmers offer of A$3.55 a share. Bunnings shares closed yesterday at A$4.06, a rise of 5 cents.

Mr Dolph Zink, Bunnings' chairman, said the company expected to declare a fully-franked dividend of at least 20 cents a share for the year to June 30 1992. Bunnings cut its annual dividend to 8 cents for 1990-91 from 20 cents a year earlier.

Wesfarmers holds 19.9 per cent of Bunnings. BTR of the UK holds 24 per cent of Bunnings acquired through its takeover of Hawker Siddeley.

# Kukdong Oil to sell 20% stake

KUKDONG Oil, the South Korean petroleum group, may sell a 20 per cent stake in itself to other South Korean companies for about Won52.4bn ($68m), Reuter reports from Seoul.

At the same time, the company plans to raise its paid-up capital by Won116bn to Won266bn.

Korean Airlines is expected to invest Won26.2bn for a 10 per cent stake in Kukdong Oil. Yukong, South Korea's largest oil refiner, Honam Oil Refining and Kyung In Energy are likely to share another 10 per cent stake.

Kukdong is currently held 48.8 per cent by Hyundai, the South Korean conglomerate, 48.8 per cent by Mr Chang Hong-sun, Kukdong's former president, and 2.4 per cent by the state-run Korea Petroleum Development Corporation.

**Johannesburg Consolidated Investment Company, Limited**

(Registration number 01/00429/06)
(All companies mentioned are incorporated in the Republic of South Africa)

**GROUP GOLD MINING COMPANIES**
Summary of reports: quarter ended 31 December 1991

**Randfontein Estates**
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
Registration number 01/05231/06

| | Quarter ended 31.12.91 | Quarter ended 30.09.91 | Six months ended 31.12.91 |
|---|---|---|---|
| Ore milled: tons (000) | 2 203 | 2 176 | 4 379 |
| Yield: grams per ton | 3,55 | 3,55 | 3,55 |
| Working cost – per ton milled | R92,37 | R94,70 | R93,52 |
| | R000 | R000 | R000 |
| Net profit after tax | 54 506 | 37 314 | 91 820 |
| Capital expenditure | 37 830 | 17 257 | 55 087 |
| Interim dividend | 15 284 | – | 15 284 |

**Western Areas**
Western Areas Gold Mining Company Limited
Registration number 59/03209/06

| | Quarter ended 31.12.91 | Quarter ended 30.09.91 | Six months ended 31.12.91 |
|---|---|---|---|
| Ore milled: tons (000) | 561 | 576 | 1 137 |
| Yield: grams per ton | 4,98 | 5,10 | 5,04 |
| Working cost – per ton milled | R174,30 | R170,13 | R172,19 |
| | R000 | R000 | R000 |
| Net profit | 2 968 | 7 853 | 10 821 |
| Capital expenditure | 1 917 | 2 251 | 4 168 |

**H. J. Joel**
H. J. Joel Gold Mining Company Limited
Registration number 85/01995/06

| | Quarter ended 31.12.91 | Quarter ended 30.09.91 | Six months ended 31.12.91 |
|---|---|---|---|
| Ore milled: tons (000) | 252 | 265 | 517 |
| Yield: grams per ton | 5,5 | 5,8 | 5,6 |
| Working cost – per ton milled | R179,10 | R187,56 | R183,43 |
| | R000 | R000 | R000 |
| Net profit | 890 | 201 | 1 091 |
| Capital expenditure | 6 568 | 4 804 | 11 372 |

Elsburg Gold Mining Company Limited.
Shareholders are advised to study the operating results of Western Areas Gold Mining Company Limited.

All figures are unaudited. Quarterly reports have been mailed to the shareholders of each company. Copies of the reports may be obtained from Barnato Brothers Limited, 99 Bishopsgate, London, EC2M 3XE.

Johannesburg
23 January 1992

**Residential Property Securities No.1 PLC**

£200,000,000

Mortgage Backed Floating Rate Notes 2018

Notice of Partial Redemption

S.G. Warburg & Co. Ltd. announce that Notes for the nominal amount of £2,000,000 have been drawn for redemption on 24th February, 1992, in accordance with Clause 5(b) of the Terms and Conditions of the Notes.

The distinctive numbers of the Notes drawn, are as follows:–

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 30 | 95 | 161 | 226 | 291 | 355 | 419 | 486 | 550 | 1321 |
| 1385 | 1449 | 1514 | 1578 | 1644 | 1708 | 1772 | 1837 | 1901 | 1966 |

On 24th February, 1992 there will become due and payable upon presentation of each Note drawn for redemption, the principle amount thereof, together with accrued interest to said date, at the office of:–

S.G.Warburg & Co. Ltd.
*2 Finsbury Avenue, London EC2M 2PA*
or one of the other paying agents named on the Notes.

Interest will cease to accrue on the Notes called for redemption on and after 24th February, 1992 and Notes so presented for payment should have attached all Coupons maturing after that date.

£126,800,000 nominal amount of Notes will remain outstanding after 24th February, 1992.

*23rd January, 1992*

**EURO DISNEY NOTICE OF GENERAL MEETING**

The shareholders of Euro Disney S.C.A. are informed that the annual general meeting will take the form of a combined general meeting (deliberating as an ordinary general meeting as well as an extraordinary meeting), and will be held on February 13th, 1992 at 11.00 am at La Ferme du Buisson, Allée de la Ferme, 77186 Noisiel, France.

The agenda for the meeting, a list of resolutions and the annual report of the Company are available from S.G. Warburg Securities, 2 Finsbury Avenue, London EC2M 2PA until February 13th, 1992.

Any shareholder, regardless of the number of shares he/she holds, has the right to attend this meeting, to be represented by another shareholder and member of this meeting or by his/her spouse, or to vote by mail.

In order to attend or to be represented at this meeting, or to vote by mail:
– holders of registered shares will have to be registered at the latest five days prior to the date of the meeting;
– holders of bearer shares must ensure that the manager of their share account confirms, prior to the same date, their shareholding as at the date of the general meeting with Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France.

Banque Indosuez will make availabe to interested shareholders proxy or postal voting forms and admission cards.

Shareholders wishing to vote by mail must, pursuant to legal provision, request by registered mail with acknowledgement of receipt requested, a postal voting form from Banque Indosuez or the registered office of the Company.

In accordance with the law, shareholders are reminded that:
– any request for a form, to be taken into account, will have to be received at the registered office of the Company or at the registered office of Banque Indosuez six days prior to the day of the meeting, i.e. by Friday 7th February, 1992 at the latest;
– the form, duly completed, will have to be received at the registered office of the Company or at the registered office of Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France, three days prior to the meeting, i.e. by Monday 10th February, 1992 at the latest;
– holders of bearer shares will have to attach to the form a certificate issued by the manager of their share account confirming their shareholding;
– shareholders voting by mail will not be entitled to attend the meeting in person or be represented at the meeting by proxy.

The Gerant.

EURO DISNEY S.C.A.

A "Société en Commandite par Actions" with a share capital of FF 1,700,000,000. Registered office: "Immeubles Administratifs", Route Nationale 34, Chessy 77144 Montévrain, (France). Mailing address: BP 100, F 77777 Marne-la-Vallée Cedex 4 (France). Registry of Commerce and Companies: Bobigny B 334 173 887 (under modification).

EuroDisney RESORT · PARIS

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1991/1992
Expo '92
has engaged as Advisor
Salomon Brothers International Limited
Asset Management Department
in the management of its Peseta 33 Billion Multicurrency Syndicated Loan Facility
Salomon Brothers

January 1991
Banco Bilbao Vizcaya, S.A.
has acquired
Lloyds Bank Portugal
from
Lloyds Bank Plc
The undersigned acted as financial advisor to Banco Bilbao Vizcaya, S.A. and assisted in the negotiations.
Salomon Brothers

May 1991
Sindibank SB
Sindicato de Banqueros de Barcelona, S.A.
[illegible]
Monte dei Paschi di Siena
The undersigned acted as financial advisor to Sindibank SB
Salomon Brothers

June 1991
Banco Hispano Americano, S.A.
International Placement of 4,000,000 shares of
Autopistas, Concesionaria Española, S.A.
The undersigned acted as financial advisor to Banco Hispano Americano, S.A. and lead managed the placement
Salomon Brothers

June 1991
Compañía Sevillana de Electricidad, S.A.
The undersigned acted as financial advisor in various capacities to Compañía Sevillana de Electricidad, S.A.
Salomon Brothers

July 1991
Caja de Madrid
has sold its 1,450,000 share stake in
Tabacalera, S.A.
to a foreign investor
The undersigned acted as financial advisor to Caja de Madrid
Salomon Brothers

August 1991
Productos Roche, S.A.
a wholly owned subsidiary of
Roche Holding Ltd
has sold its wholly owned subsidiary
Laboratorios Veterin, S.A.
to
Hoechst Ibérica, S.A.
The undersigned acted as financial advisor to Productos Roche, S.A. and assisted in the negotiations.
Salomon Brothers

September 1991
Subscription for 44,365,910 new shares in
Lilley plc
[illegible]
Tibest Tres
a company jointly owned by
Cubiertas y Mzov, S.A. and Entrecanales y Tavora, S.A.
The undersigned acted as financial advisor to Lilley plc and assisted in the negotiations.
Salomon Brothers

October 1991
Warburg, Pincus Investors, L.P. an affiliate of
E.M. Warburg, Pincus & Co., Inc
has acquired a substantial minority shareholding in
Distribuciones de La Ley, S.A.
The undersigned acted as a financial advisor to Distribuciones de La Ley, S.A. and assisted in the negotiations.
Salomon Brothers

November 1991
Banco Bilbao Vizcaya, S.A.
has sold
Espasa Calpe, S.A.
to
Planeta GLCI, S.A.
a company jointly owned by [illegible]
The undersigned, together with BBV Corporate Finance, acted as financial advisor to Banco Bilbao Vizcaya, S.A. and assisted in the negotiations.
Salomon Brothers

November 1991
Banco Zaragozano, S.A.
[illegible]
Uniseguros, S.A. and Uniseguros Vida y Pensiones, S.A.
to
Groupe des Assurances Nationales
The undersigned initiated this transaction and acted as financial advisor to Banco Zaragozano S.A.
Salomon Brothers

December 1991
Banco Español de Crédito, S.A.
has sold
Banc Català de Crédit, S.A.
to
Istituto Bancario San Paolo di Torino
and
Abel Matutes Torres, S.A., Banco de Ibiza
The undersigned acted as financial advisor to Banco Español de Crédito, S.A. and assisted in the negotiations.
Salomon Brothers

**VALUE FOR OUR CLIENTS IN SPAIN 1991.**

**Salomon Brothers**

London: Derek Jarvis (071) 721-3874
Madrid: Alberto Ibáñez González (341) 410-3000

London, Madrid, Frankfurt, Berlin, Milan, Paris, Zurich, New York, Atlanta, Boston, Chicago, Dallas, Los Angeles, San Francisco, Toronto, Tokyo, Osaka, Singapore, Seoul, Hong Kong, Taipei, Sydney, Melbourne

## INTERNATIONAL COMPANIES AND FINANCE

# Union Pacific increases final-quarter income 8%

**By Nikki Tait in New York**

UNION PACIFIC, one of the largest US railroad companies, kicked off the sector's reporting season with news of an 8 per cent improvement in fourth-quarter operating income at $359m.

At the after-tax level, this reduced to a 5 per cent gain, but the railroad operations themselves earned $163m, up 13 per cent on the previous year.

The company said the operating environment throughout 1991 was "very difficult", but that car loadings during the 12 months had increased by around 4 per cent, despite an industry drop of 3 per cent.

It also held out some hope for an improvement in 1992. "We remain cautiously optimistic about the coming year," commented Mr Drew Lewis, Union Pacific's chief executive. Nevertheless, shares in Union Pacific, whose track is concentrated west of the Mississippi, still fell $1¼ to $46½ on the news.

Within the railroad business – which is often a good indicator of activity in the economy generally – Union Pacific said the strongest areas were merchandise traffic and coal, largely thanks to increased traffic from the Powder River Basin.

Food products were up by 4 per cent; chemicals, grain and forest products were flat; cars, by contrast, were down by 5 per cent.

Union Pacific's full-year figures still bear the brunt of a hefty $870m pre-tax special charge, taken in the third quarter to cover labour productivity changes, including sizeable redundancies, and the abandonment of certain light-used track.

After this charge, 1991 operating profits fell from $1.32bn to $461m, on revenues of $7.02bn ($6.96bn).

Net income fell to $64m, against $618m in the previous year.

Meanwhile, at Santa Fe Pacific – which owns the Atchison, Topeka and Santa Fe Railway, together with other minerals and pipeline interests – fourth-quarter results showed a $32.8m profit after tax, a considerable advance on the $54.6m loss in the same period a year earlier.

Operating profits from the rail business reached $65.1m, against $22.4m in the final quarter of 1990, with car loadings up by 8 per cent.

For the year overall, net income was $96.4m against a $111.8m loss. The shares gained $¼ to $13⅞.

# Banc One outperforms sector with 25% gain

**By Alan Friedman in New York**

BANC ONE, the strongly capitalised, Ohio-based commercial banking group that has been expanding by acquisition, yesterday unveiled a 25 per cent increase in net profits for 1991, to $529.5m.

The bank, which made several acquisitions last year, has outperformed the troubled US banking industry by following a conservative lending policy and concentrating on its lucrative business areas in and near the Mid-west.

Banc One's ratio of common equity to total assets at year-end was 7.7 per cent, well above the industry average and more than double the capital ratio of Citicorp, the biggest US bank.

The bank's return on assets was 1.56 per cent and its return on equity was 16.6 per cent.

Banc One's acquisitions last year, which included First Illinois and banks in Indiana, Kentucky and Colorado, helped its total assets to grow by more than $12bn, to $46.3bn. The bank raised $570m of new equity capital during 1991.

In the fourth quarter of 1991, Banc One's net profits rose by 33 per cent, to $144.3m. The fourth-quarter results included for the first time the operations of Banc One in Texas on a consolidated basis.

Banc One's bad debt provisions were $154m during the fourth quarter. Net write-offs amounted to $142m.

On Wall Street, Banc One's share price was marked ⅛ higher yesterday, to $48⅜.

# General Electric marks time

**By Martin Dickson in New York**

GENERAL Electric, the US group with interests ranging from power systems to financial services, reported a rise of just 2 per cent in fourth-quarter net earnings as the US recession held back growth.

Net earnings totalled $1.26bn, or $1.46 a share, compared with $1.24bn, or $1.42, in the final period of 1990. Consolidated revenues rose by 2 per cent to $17.5bn.

Mr Jack Welch, chairman, said that, despite the recession, all the group's operating segments, apart from broadcasting and materials, increased their operating profits, demonstrating the strength and breadth of its businesses in the face of a difficult global economy.

However, the group gave no detailed breakdown of each sector's fourth-quarter performance.

For the full year, earnings were up 3 per cent at $4.44bn, or 5 per cent on a per-share basis at $5.10, before the adoption of a new accounting standard for retirees health benefits. This non-cash adjustment, taken in the third quarter, reduced reported earnings to $2.64bn.

The group's 11.3 per cent operating margin compared with 11.6 per cent in 1990, but GE said this was more than accounted for by price declines and lower ratings at NBC, its television network. Operating margins at the group's other businesses grew from 11.5 per cent to 11.9 per cent.

GE's financial services operations produced a strong performance, with earnings rising 17 per cent in the year to $1.27bn.

# Yamanouchi acquires 29% of Roberts

**By Karen Zagor**

YAMANOUCHI Pharmaceutical of Tokyo has taken a 29 per cent stake in Roberts Pharmaceutical of New Jersey in a stock purchase valued at about $95m.

Yamanouchi will buy 4m newly-issued shares in Roberts at $23.84 a share. The Japanese company will have two seats on Roberts board and will have the option of increasing its stake in three years.

The move appears to be part of a growing trend of alliances between US and Japanese pharmaceutical companies.

The companies said they would explore areas of co-operation, including giving Yamanouchi access to Roberts' development, marketing and sales network in the US. Roberts may have access to Yamanouchi's manufacturing facilities.

# Revco files new proposals for reorganisation

**By Nikki Tait**

REVCO, the Ohio-based drugstore retailer which has been in bankruptcy since 1988, yesterday filed an amended reorganisation plan with the bankruptcy court – improving the cash recovery element from an earlier scheme.

Revco creditors are already facing a reorganisation proposal from Jack Eckerd, a rival chain, which essentially involves Eckerd acquiring Revco.

Yesterday, Revco said it was tabling its new plan in order to give creditors a choice.

It added that the new scheme should give creditors recoveries "equal to or better than other plans in the case" and should "ensure an independent Revco, proposes no massive store closings and preserves thousands of jobs".

# Sun Micro to collaborate with Cray Research

**By Louise Kehoe in San Francisco**

SUN MICROSYSTEMS, the leading manufacturer of computer workstations, and Cray Research, the world leader in very high performance supercomputers, are to collaborate in the development of technology that will enable their products to work together more efficiently.

Workstations are widely used in computer-aided design applications such as mechanical or electronic design, while supercomputer power is typically applied to the most challenging computing tasks such as modelling the performance of an airframe design.

Both types of computers may, therefore, be used for related tasks.

Cray Research will use technology developed by Sun Microsystems to build high performance computers based upon Sun's SPARC reduced instruction set computing (Risc) microprocessors.

Cray said it intended to produce new high-end SPARC servers that are planned for delivery late in 1993, and may cost in the $1mto $3m range.

However, it denied reports it might build a new type of supercomputer, called a massively parallel processor (MPP), based upon the SPARC chip.

Cray is facing mounting competition from several new MPP entrants into the supercomputer, including Intel, the leading US microprocessor manufacturer.

The agreement with Cray boosts Sun Microsystems' efforts to encourage the development of a wide range of computers based upon its SPARC architecture.

For its part, Cray is diversifying its product line to include lower-cost computers at a time when sales of big supercomputers, which can cost as much as $20m, are flat.

# Provisions soar to $2.6bn at SecPac

**By Alan Friedman**

SECURITY PACIFIC, the loss-making Los Angeles-based bank being merged into Bank of America, unveiled an 80 per cent leap in 1991 bad debt provisions, to $2.6bn. The bank also recorded a 75 per cent jump in 1991 loan write-offs, to $1.40m.

SecPac revealed, as expected, a 1991 loss of $774.5m, a sharp deterioration from the $161.3m net profit recorded in 1990.

The bank's fourth-quarter loss was $409.2m, compared with a loss of $357.6m in the same period of 1990.

Shawmut, the Connecticut-based bank, also reported a 1991 loss.

The bank, which last week abandoned merger talks with the Bank of Boston, lost $170.7m in 1991, which compares with a $133m loss in 1990.

The fourth quarter saw a tiny net profit of $2.4m, against a $215.7m loss in the last quarter of 1990.

# Flat quarter for Smith Corona

**By Karen Zagor in New York**

SMITH Corona, the US typewriter manufacturer 48 per cent owned by Hanson group of the UK, yesterday turned in essentially flat second-quarter earnings after a weak first quarter.

The Connecticut-based company earned $7m, or 23 cents a share, in the three months to December 31, compared with $6.8m, or 23 cents, a year earlier. Sales were $111.7m in the 1991 second quarter, up from $106.7m the previous year.

The latest second-quarter results include a pre-tax provision of $2m to cover the cost of replacing software chips in personal world processors.

The company also took a $5m charge to settle a shareholder class action suit, but this was recorded as paid-in capital and was not charged against the company's earnings.

For the first half, Smith Corona's earnings slid to $11.1m, or 37 cents, from $13.5m, or 45 cents, a year ago. Revenues fell to $198.9m in 1991 from $225.3m.

Smith Corona is benefiting from reduced borrowing levels and lower interest rates, which have cut the company's interest expense. Long-term debt at the end of the second quarter was $27m, compared with $56m a year earlier.

Mr Lee Thompson, chairman and chief executive, attributed the improved second-quarter performance to better US sales of typewriter and personal word processors that more than compensated for a decline in international markets.

In recent years, the group has been hit by eroding demand and strong pricing pressures.

"We are particularly gratified with an improvement in demand in domestic markets in a recessionary environment," he said.

# Rescue plan to give employees control of Algoma Steel

**By Bernard Simon in Toronto**

EMPLOYEES of loss-making Algoma Steel will end up controlling Canada's third biggest steelmaker under restructuring proposals filed in an Ontario court yesterday.

The innovative rescue plan, which still requires approval of all parties, provides for Algoma to be restructured in a new corporate entity in which 60 per cent of the common shares will be issued to employees over five years. Workers and senior management will also have eight of the 13 seats on the company's board of directors.

The remaining 40 per cent of the equity will be held by creditors and preferred shareholders.

The plan requires concessions from all participants in the rescue. The workforce will be cut by 1,600 people, over one quarter of the total. Remaining employees will forego C$200m (US$172.4m) in compensation and benefits over five years.

Algoma is a subsidiary of Dofasco, Canada's biggest steelmaker, which bought it in 1988 from Canadian Pacific. The company has been bedevilled by problems, ranging from the remote location of its plant in Sault Ste-Marie, at the eastern edge of Lake Superior, to high labour costs and a debilitating strike in 1990.

Dofasco wrote off its entire investment in 1990. Algoma suffered a C$9.4m loss in the first nine months of last year, following a C$792m loss, including large writedowns, in 1990. It has debts of about C$800m, and has been operating under court protection for the past year.

Under the restructuring plan, Dofasco will receive preferred shares in exchange for debentures it holds, but will forego any common shares to which it may be entitled. It has pledged a capital injection of C$40m in exchange for C$300m of tax losses.

The Ontario government will provide a C$75m loan guarantee. The Ontario and Canadian governments will also guarantee part of a C$40m operating credit to be provided by Royal Bank of Canada.

Mr Earl Joudrie, recently appointed chairman, said the proposals are a compromise which should resolve Algoma's immediate cash requirements, restore long-term financial stability, establish a realistic capital structure and improve the company's competitive position.

# 3M registers first annual profit decline since 1985

**By Barbara Durr in Chicago**

MINNESOTA, Mining & Manufacturing (3M), the St Paul, Minnesota-based conglomerate, has registered its first full-year decline in earnings since 1985. Net 1991 income fell to $1.15bn, or $5.26 a share, from $1.3bn, or $5.91, in 1990.

Annual sales of the group, whose interests range from office supplies and industrial materials to health care products, were up by 2.5 per cent to $13.34bn, from $13.02bn in 1990.

Mr LD. DeSimone, chairman, said a weak global economy was the main reason for the company's poorer performance, though higher research and development spending and depreciation expense also affected profits.

Fourth-quarter net income was $259m, or $1.18, down 12.2 per cent from $295m, or $1.34, last year.

Currency fluctuations shaved 7 cents per share off the last quarter's results, and lower non-operating income cut them another 9 cents. Fourth-quarter sales were down to $3.22bn from $3.28bn for the year-ago period.

The US recession continued to hold back domestic demand for 3M products, but foreign demand was relatively robust. 3M's US sales declined by 1 per cent, while foreign sales rose by 6 per cent.

Mr DeSimone said he had "yet to see evidence of meaningful economic recovery" in the US, and he did not expect to see a significant earnings improvement until the second half of the year.

But with better economic growth predicted for foreign markets, Mr DeSimone believes the company will grow faster abroad.

# Metropolitan Life to take part of Executive Life

NEW York State insurance regulators have tentatively agreed to a deal under which Metropolitan Life, the nation's second largest insurer, would take over much of the business of Executive Life of New York (ELNY), writes Nikki Tait.

ELNY was one of two operating units within the sizeable First Executive life insurance group.

Heavy exposure to junk bonds prompted a policyholder run at Executive Life of California, and caused California's insurance regulators to seize this business in April. That exacerbated a similar problem at ELNY, the smaller sister operation with 103,000 policyholders, prompting similar action by the New York Insurance Department.

However, the two state regulators have different solutions. In California, most of ELIC's junk bond portfolio was sold off; the cash proceeds added to some other remaining investments and the insurance liabilities restructured.

In ELNY's case, a large portion of the liabilities and $1.46bn in the cash and cash equivalents are being transferred to MetLife. This will leave ELNY holding a large junk bond portfolio – with a book value of around $1.9bn – which will fund certain remaining liabilities.

MetLife will probably pay around $60m to $70m for the single premium deferred annuity and life insurance business it acquires, although the figure could rise to $100m.

Policyholders can remain with ELNY and be paid the cash surrender value of their contracts over a four-year period.

Those who choose to move will generally be offered similar MetLife contracts.

MetLife will also administer the business which remains with ELNY – single premium immediate annuities, such as pensions and structured settlements. MetLife will receive an annual fee, estimated at $½m, while First Boston Asset Management will handle the investment portfolio.

# Prising quits as head of Whirlpool in Europe

**By Andrew Baxter**

WHIRLPOOL, the world's largest white goods producer, yesterday announced the surprise resignation of Mr Jan Prising as president and chief executive of Whirlpool International, the wholly-owned European subsidiary.

Mr Prising was brought into Whirlpool in January 1990 to overhaul and strengthen the company's European white goods operation – the former Philips major domestic appliance business for which Whirlpool completed a $1.1bn two-stage takeover in July.

Mr Prising said: "I feel as if I have largely accomplished what I was asked to do. . . I want to spend more time with my family and pursue other business interests in Europe."

He is to be replaced on February 12 by Mr William Marohn, executive vice-president of Whirlpool's North American Appliance Group. Mr Marohn is based at Whirlpool International's administrative base in Comerio, Italy, as part of a job exchange with Mr Prising that was to have continued until April.

CHASE

# 1991 Chase M&A.

## Continuing to build strong relationships all over the world.

**AB Gustavsberg**
Acquisition of Koralle GmbH from Paul Hettich GmbH & Co.

**Ban Pu Coal**
Sale of a minority interest to Oakbridge Ltd.

**Bonneville Fuels Corporation**
Acquisition of certain oil and gas assets of Arch Oil & Gas Company and Coseka/Douglas Arch 1981 P Drilling Partnership.

**Carrollton Inc., an affiliate of**
**The Manager Publishing Group of Thailand**
Acquisition of Frye & Smith from American Signature.*

**Carrollton Inc., an affiliate of**
**The Manager Publishing Group of Thailand**
Acquisition of Buzz-The Talk of Los Angeles Magazine.

Chase Gestioni SpA
Sale to Programma Italia SpA.

Chase Manhattan Corporation
Sale of the assets of Chase Aircraft Finance Company to C.I.T. Group Equipment Financing Inc.

Chase Manhattan Corporation
Sale of the assets of the Technology Equipment Finance Division of Chase Manhattan Leasing Company to General Electric Capital Corp.

Chase Manhattan Corporation
Sale of the Direct Leasing Business assets of Chase Manhattan Leasing Canada Ltd. to Confederation Leasing Ltd.

Chase Manhattan Corporation
Sale of Chase Investors Management Corporation to Union Bank of Switzerland.

Chase Manhattan Corporation
Sale of Chase Manhattan Leasing (Michigan) Inc. to Associates Corporation of North America.

Chase Manhattan España
Sale of the retail banking operations to Caixa Geral de Depositos.

Chase Visa UK
Sale to Girobank plc.

CirrusCorp, Inc.
Acquisition of the assets and business of C&C Capital Corporation, Cavair, Inc., Cavenaugh Aircraft Services, Inc. and Quinn Air, Inc. and the assets of Diversified Air, Inc. and its subsidiaries.

CirrusCorp, Inc.
Acquisition of the assets and business of Security Courier Corporation from Electronic Data Systems, Inc.

Construcciones, Suministros y Servicios S.A. (CONSUSA)
Sale to Compañía de Contradores, S.A.

**Dharmala Indonesia**
Entered into a joint-venture agreement with Daelim Trading for a cutlery plant.

**Eastern American Energy Corporation**
Acquisition of the Appalachian oil and gas assets from NRM Operating Company.

**European Wine Company bv**
Sale of the "El Monasterio" brand to Grupo Maura, S.A.

**Finboc S.p.A.**
Sale to Bormioli Rocco.

**Groupe Legris Industries**
Acquisition of the majority of the assets of Century II Inc.

**Guinness plc**
Acquisition of La Cruz del Campo S.A. and its subsidiaries.

**Guinness plc**
Acquisition of Union Cerveceera, S.A. from Carlsberg A.S. and the public.

**Hepworth plc**
Sale of the Henderson Doors Limited subsidiary to Harrison Industries plc.

**Hepworth plc**
Sale of the UK and Dutch mobile door divisions to Henderson Mobile (UK) and Henderson Nederland bv.

Home Holdings Inc. (A company organized by
**Trygg-Hansa SPP Holdings AB,**
**Industrial Mutual Insurance Company,**
**International Insurance Investors, L.P.**
**and VIK Brothers International (USA), Inc.)**
Leveraged Buyout of Home Insurance Co. from AmBase Corp.

**Hudig-Langeveldt Groep bv**
Sale to Rollins Burdick Hunter Group Inc.

**Hudig-Langeveldt Groep bv**
Sale of Interlloyd Verzekering B.V. to AMEV Nederland N.V.

**Ingersoll Publications Ltd.**
Sale of Midland Newspapers Ltd and its subsidiaries to Demiblend Ltd.

**New London plc**
Acquisition of International Drilling fluids from subsidiaries of ECC Group plc.

**Les Mutuelles du Mans Assurances**
Entered into a joint-venture agreement to combine Spanish life insurance operations with Sul America Seguros.*

**Mobil Oil Corporation**
Sale of Mobil Coal Producing Inc. and its Caballo Rojo Mine to Marigold Land Company.

**Nalco Chemical Company**
Sale of Day-Glo Color Corp. to RPM Inc.*

**Nucletron Manufacturing Corporation**
Acquisition of the assets and business of Kermath Manufacturing Corporation.

**Paterson Zochonis plc**
Sale of the industrial hygiene activities of Odex Limited to Mintondene Limited, a subsidiary of Dualwise Limited.

**Pennsylvania Life Insurance Company**
Acquisition of Occidental Life Insurance Company and Peninsular Life Insurance Company from McM Corp.

**Rhône-Poulenc**
Sale of Rhône-Poulenc Systems to Boeder.*

**RTGamma S.p.A.**
Acquisition of Gamma Europa S.p.A.

**S. Dyrup & Co. A/S**
Acquisition of Xylochimie from Rhône-Poulenc.*

**S. Dyrup & Co. A/S**
Sale of Dyrup Industri A/S to Casco Nobel.*

**S. Dyrup & Co. A/S**
Sale of Iamcolor S.p.A. to Casco Nobel.*

**S.I.G. Holdings, Inc.**
Acquisition of Safety National Casualty Corporation formed through the demutualization of Safety Mutual Casualty Corporation.

**Sime Singapore Limited**
Entered into a joint-venture agreement with Novo Technology Development PTE Ltd. (a wholly owned subsidiary of SISIR) to acquire Technochem Manufacturers PTE Ltd.

**Sofin SpA**
Sale of a participation in San Giorgio PRA SpA to Interklim SpA.

**Stuart Hall Company Inc.**
Sale of a minority interest to Celulosa y Papel Ponderosa, S.A. de C.V.*

**Telcel Celular C.A., a consortium comprised of BellSouth Enterprises Inc., Comtel Communicaciones Telefónicas S.A., Sociedad Financiera Bancor C.A. and Telecommunicaciones BBS C.A.**
Acquisition of a Venezuelan Cellular Telephone Concession.

**The British Petroleum Company plc**
Sale of Strohmeyer GmbH and assets related to Deutsche BP's German coal sales and trading business to Stinnes Intercarbon AG.

**The Casalee Group S.A.**
Acquisition of Fumossul S.A. Industrie E Comercio.

**The Chase Manhattan Bank, N.A.**
Divestiture of The Dominican Republic branches to Banco Nacional de Crédito, S.A.

**The International Engineering Co. Ltd, an affiliate of**
**The Manager Publishing Group of Thailand**
Acquisition of Data General Thailand, Ltd. from Data General Corp.*

CHASE MANHATTAN
MERGERS & ACQUISITIONS

CHASE MANHATTAN.
PROFIT FROM THE EXPERIENCE.℠

*Initiated

Chase acted as financial advisor for all of the above transactions.

The Chase Manhattan Bank, N.A. clients appear in bold type.

## BUSINESS LAW

# Computers in support of litigation

By Richard Susskind

It is hard to imagine a large law firm today operating without information technology (IT). Word processing, accounting systems, electronic mail and many more administrative and management applications are widely used.

By contrast, lawyers themselves, in their advisory capacity, are far from dependent on technology. It requires little vision to imagine lawyering without IT: take technology away from most lawyers and there would be no perceptible change to their daily lives.

But lawyers – as distinct from law firms – cannot remain impervious to technology for much longer. Litigators, in particular, are poised to undergo their own computer revolution.

The term that is widely used here is "litigation support", one branch of which involves systems that help with the management and control of large quantities of documents. The potential of this technology is particularly clear in complex technical cases, such as construction or computer disputes, where the party that has mastery of the documents can enjoy a clear strategic advantage over others.

Three techniques currently dominate litigation support. One approach is to compile a computerised index of all documents relating to a case. Each document is represented in a database as a collection of objective features, such as date of document, author, as well as subjective features, requiring lawyers' classifications, such as whether a document is privileged or prejudicial to the client's case.

Once set up, such a system can sort documents – for example, by date or by author's name. Additionally, the system can search and produce lists of documents sharing particular features – for instance, a list of all privileged documents written by Company X to Mr Y between two specified dates.

Another technique is to build an information retrieval system that holds not an index but the full text of a collection of papers. This enables lawyers to search quickly and easily within the entire text of documents for the occurrence of single words (names of individuals, companies, places, or terms such as "warranty" or "delay") or for words in combination (the name of a company within a specified number of words of the name of an individual or a phrase such as "defective software").

A third approach to litigation support uses imaging technology. This process can be likened to taking photographs of individual documents and can cope well with non-textual materials such as drawings and handwriting.

Users of systems that hold images cannot search for individual words within the imaged documents (the text is not in machine readable form). Rather, they can view these images as if perusing microfiche on a computer screen.

A database containing only images has two main uses: first, in overcoming problems of physical space and storage; and, second, in reducing the amount of paperwork that needs to be handled by judges and juries.

The real benefits of litigation support will come with a combination of these three techniques. On one particularly promising model, the lawyer's first exposure to a set of documents will be through a litigation workstation with a large, television-sized, monitor.

This system will contain the images of all the documents, each objectively indexed. The lawyer will read through the images of the documents on screen, adding subjective commentary to the index and selecting portions of text to be converted from image into searchable form.

The result will be a sophisticated index, a database of searchable extracts, as well as the images themselves. Such a system would be invaluable for lawyers and clients both in preparation for trial and in the courtroom itself.

Those who consider litigation as too confrontational, costly and time consuming often find in litigation support the makings of a panacea, a promising source of enhanced productivity, quality and efficiency and, in turn, the means by which disputes might be pre-empted, settled earlier or resolved at lower cost and greater speed.

So where's the rub? Why aren't all lawyers using litigation support technologies?

Lawyers have a range of misgivings, most of which are rooted in their incomplete picture of what can actually be achieved. Lawyers' preferences for secretive exploitation of IT does not help; nor does their refusal to work together in establishing standards and settling on compatible systems.

A further obstacle is the belief that it can rarely be cost effective for the purposes of litigation to transfer documents from paper to machines.

Historically, this has been true, but rapid advances in optical and intelligent character recognition technologies, together with the emergence of service companies devoted to indexing, data entry and imaging, suggest that it may no longer be a big problem.

Moreover, as clients increasingly use computer-based document management systems for their own administrative purposes, it will be simpler to transfer documents from them to litigation support systems.

Nonetheless, there is uncertainty over costs. There has been no court decision on whether the costs of setting up and running litigation support systems can be recovered by a successful party in litigation from the unsuccessful party.

This matter is being pursued by the Society for Computers and Law, as it is unacceptable for solicitors to be unsure when asked to advise their clients on the recoverability of such costs.

A further anomaly arises from the general requirement that lawyers charge on the basis of the hours spent on a task; a phenomenon which could, in principle, reward the inefficient firm and penalise the well-run practice.

When litigation support systems are used, and time is saved, total time spent becomes a less reliable indicator of the value of a service. Cynics have suggested that lawyers will be reluctant to become too efficient with technology until the basis of charging changes. It would be sad if lawyers' uptake of litigation support technology was inhibited by inapposite billing and cost-recovery practices.

Yet none of the perceived problems seems to be insurmountable, as the more progressive litigators are showing by their successful deployment of the new technologies.

Indeed, ignoring litigation support is fast becoming uncommercial as barristers with positive experience come to expect solicitors to use computers; as courts encourage and require parties to employ database technology; and as clients realise that a higher-quality, lower-cost, wider-ranging service is available from hi-tech solicitors, legal Luddites will soon struggle.

For clients, these developments raise challenging questions about the suitability of the lawyers they instruct. A further criterion in selecting legal advisers now emerges, relating to the extent to which lawyers have appropriate technology skills and support.

If in big cases of the future, all parties have the documents held in litigation support systems (loaded perhaps by some external bureau), a key point of differentiation among practices will be law firms' relative proficiency in exploiting the data in these systems.

Are the lawyers adequately trained in advanced searching techniques? What practical experience and record do they have with litigation support? Do they have permanent, first-rate support staff? Are they using advanced techniques, such as conceptual searching, intelligent "front-ends" and hypertext to enhance the basic systems?

Are they capable of advising proactively on versatile document management systems? Do they understand the complex legal questions regarding issues such as admissibility and authentication of evidence that litigation support systems raise? These are all questions clients should be asking before long.

An immediate question for all clients is whether their lawyers are investing sufficiently in IT in preparation for the central role it is destined to play. The stage is set for significant change in the world of litigation. In five years, complex, large-scale litigation in the UK will invariably be supported by IT. By the turn of the century, litigation without IT will be virtually unimaginable.

*The author is special adviser on law and information technology at Masons, solicitors in London. He is visiting professor to Strathclyde University's Centre for Law, Computers and Technology and chairman of the Society for Computers and Law.*

## INTERNATIONAL CAPITAL MARKETS

# IBJ plans to merge unit with broker

By Emiko Terazono in Tokyo

INDUSTRIAL Bank of Japan (IBJ), a leading Japanese bank, and Wako Securities, a second-tier Japanese broker, agreed yesterday to merge their asset management affiliates by the end of March this year.

The move comes at a time when Japanese investment management companies are faced with declining profits due to the sluggish stock market and faltering investor confidence.

Additionally, the announcement comes ahead of the deregulation of the Japanese financial industry, where barriers between banks and securities houses are expected to be abolished next year.

IBJ Capital Management and Wako International Capital Management will merge to form IBJW Asset Management. The IBJ group will own a 67 per cent stake, while Wako Securities will hold 33 per cent. The Tokyo-based company will be capitalised at Y300m.

IBJ specialises in fund management for institutional investors, while Wako depends largely on funds from individuals. As of September last year, IBJ had Y823.1bn in customer assets under management, placing it sixth in the industry, while Wako, ranking 55th, had Y128.5bn in managed assets.

The IBJ group also manages clients' assets through its overseas operations at IBJ International based in London and IBJ Schroder Bank and Trust in New York.

Further rationalisation in the asset management industry is expected ahead of financial liberalisation, as most leading financial institutions in the life assurance, banking and securities industries own asset management affiliates.

# Sanyo finance unit absorbed by property managers

By Robert Thomson in Tokyo

SANYO Securities, the second-tier Japanese broker, announced yesterday that one of its largest shareholders, Nitto Tochi Tatemono, will absorb Sanyo Finance Company, a financially-troubled affiliate.

Nitto Tochi, a property management company run by the founders of the securities house, will take over the financial company, which was hurt by its Y25bn exposure to Yuho Chemical, a bankrupt chemicals and property company.

After the failure of Yuho in late 1990, Japan's Ministry of Finance asked leading brokers to report on the activities of their financial affiliates. Later, the ministry warned the brokers to ensure that these affiliates were prudent in their lending.

It is expected that Nitto Tochi will establish a new financial company after absorbing Sanyo Finance, which had a change of management last year, but has since been hampered by the weakness of Japan's stock and property markets.

# Chemical Banking Corp pushes on with $1.36bn offer

By Sara Webb

CHEMICAL Banking Corporation, the US bank resulting from the merger of Chemical Bank and Manufacturers Hanover Trust, pushed ahead with its $1.36bn share offering yesterday, the largest international equity deal to emerge so far this year.

The share issue was priced at $27.25 per share, representing a discount of 2.2 per cent on Tuesday's closing price of $27.875.

The issue was for 50m shares, including 5m shares available for international investors, and there is a 15 per cent over-allotment option.

Goldman Sachs, lead manager to the deal, said demand for the shares had been "significant", but added it was too early to say whether the over-allotment option would be taken up.

However, demand for the international tranche of Chemical Banking shares was strong, particularly from Europe, with more than 5m shares placed with international investors.

# Long-dated Treasuries weaken on housing data

By Karen Zagor in New York and Sara Webb in London

LONGER-dated US Treasury bonds moved sharply lower at midday yesterday in a market made nervous by stronger-than-expected December housing starts.

At midday, the Treasury's benchmark 30-year bond was $\frac{11}{32}$ lower at 104$\frac{15}{32}$, yielding 7.63 per cent. The sell-off was less dramatic at the short end of the yield curve, where the three-year issue was quoted about $\frac{1}{16}$ lower.

The Federal Reserve entered the market to arrange overnight system repurchase agreements when Fed funds were trading at 4$\frac{1}{16}$ per cent. There was no policy meaning attached to the Fed's action.

With Fed funds trading above the perceived target of 4 per cent for the rate, economists had expected the Fed's intervention, which adds reserves to the system.

"Housing starts started us off in the wrong direction," said Mr Stephen Slifer, financial market economist at Lehman Brothers. "They were clearly stronger than people had expected and raised some questions about how robust the economy may be."

US housing starts rose 2.6 per cent in December to a 1.1m annual rate, while building permits rose 5.8 per cent to 1.05m, slightly higher than the 1.09m widely expected. But the gains were offset by news that total housing starts for the year showed their lowest reading since 1945.

■ JAPANESE government bonds climbed to new highs boosted by a sharp fall in short-term interest rates.

The Bank of Japan made a larger-than-expected addition of funds to the money market yesterday, prompting the rate on three-month certificates of deposit to fall as low as 4.94 per cent, from 5.20 per cent.

The Bank of Japan's addition of funds to the money market was seen as an effort to buoy the Tokyo stock market, and led to speculation that the central bank may cut the official discount rate soon.

The benchmark No 129 which opened at 5.275 per cent, reached a record high to yield 5.17 per cent at the close of trading. Strong demand for short and medium-dated securities led to a steepening in the yield curve. However, prices slipped back in London trading as some bond investors took profits, encouraged by the strength of the yen against the dollar.

■ WORRIES about possible strike action wiped out early gains in the German government bond market yesterday, with the market closing lower on the day.

Talks between German steelworkers and employers broke down early on Wednesday morning, with the result that a strike vote will be taken by the steelworkers' union this Sunday. Separate talks in the German banking sector broke down yesterday after the union rejected a 5 per cent pay offer.

The Liffe bund futures contract opened at 88.54 and reached a high of 88.78, a technical resistance level, before falling back to 88.36 by late afternoon in reasonable volume.

Elsewhere in Europe, the Dutch government's financing agency raised a further Fl 3.4bn from sales of its tap issues. The agency has sold a total of Fl 12.2bn this week of the two tap issues – the 8.25 per cent bond due 2002 and the 8.25 per cent bond due 2007.

Traders reported some switching out of German bunds into Dutch bonds to take advantage of the 50 basis point yield spread.

■ LONG-DATED UK government bond prices slipped back following the German market, while shorter maturities were mainly unchanged on the day.

The benchmark 11¾ per cent gilt due 2003/07 fell from its opening of 115¾ to 115⅝ by late afternoon.

## GOVERNMENT BONDS

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| AUSTRALIA | | 12.000 | 11/01 | 112.9500 | -0.883 | 9.90 | 9.88 | 9.99 |
| BELGIUM | | 9.000 | 08/01 | 102.3000 | - | 8.62 | 8.65 | 8.92 |
| CANADA * | | 8.500 | 04/02 | 101.9000 | -0.900 | 8.27 | 8.15 | 8.35 |
| DENMARK | | 9.000 | 11/00 | 103.2750 | -0.075 | 8.46 | 8.49 | 8.82 |
| FRANCE | BTAN | 8.500 | 11/96 | 99 21-44 | -0.226 | 8.62 | 8.67 | 8.77 |
| | OAT | 9.500 | 01/01 | 105.7500 | -0.236 | 8.40 | 8.39 | 8.19 |
| GERMANY | | 8.25 | 09/01 | 102.3300 | -0.280 | 7.88 | 7.90 | 8.13 |
| ITALY | | 12.000 | 08/01 | 96.6600 | +0.010 | 12.23 | 12.26 | 12.62 |
| JAPAN | No 119 | 4.800 | 06/99 | 96.4560 | +0.356 | 5.47 | 5.62 | 5.66 |
| | No 129 | 6.400 | 03/00 | 106.9371 | +0.547 | 5.19 | 5.40 | 5.50 |
| NETHERLANDS | | 8.500 | 03/01 | 100.9900 | - | 8.34 | 8.37 | 8.66 |
| SPAIN | | 11.900 | 07/99 | 101.7500 | +0.200 | 11.51 | 11.40 | 11.86 |
| UK GILTS | | 10.000 | 11/96 | 101-13 | -1/32 | 9.62 | 9.71 | 9.90 |
| | | 10.000 | 02/01 | 102-31 | -2/32 | 9.51 | 9.58 | 9.75 |
| | | 9.000 | 10/08 | 98-00 | -3/32 | 9.23 | 9.24 | 9.51 |
| US TREASURY * | | 7.500 | 11/01 | 103-01 | -12/32 | 7.06 | 7.08 | 6.97 |
| | | 8.000 | 11/21 | 104-16 | -15/32 | 7.61 | 7.58 | 7.54 |

London closing. *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

# Robert Fleming places warrants

By Antonia Sharpe

ROBERT FLEMING, the UK merchant banking group, yesterday placed 250,000 covered warrants linked to a basket of European recovery stocks, aimed at European fund managers eager for an exposure to cyclical stocks but unsure of when to start buying them.

Each basket is made up of German, French, Swiss and Swedish shares. There are 10 call warrants per basket, made up of three shares in Thyssen, 1.4 shares in Preussag, 1.3 shares in Hoesch, 8.1 shares in Métaleurop, two shares in Péchiney, 0.5 share in Alusuisse, 0.1 share in Georg Fischer, 11.5 shares in SKF, 1.6 shares in Sandvik and 4.5 shares in Atlas Copco. The issue price was DM74.88 per warrant.

## FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on January 22

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABN 9 1/8 94 | 200 | 106¾ | 107⅛ | +⅛ | 6.23 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 109¼ | 109⅞ | +⅛ | 6.44 |
| AUSTRIA 8 1/2 00 | 400 | 106¼ | 106⅞ | -⅛ | 7.42 |
| BANK OF TOKYO 8 3/8 96 | 200 | 104⅞ | 105⅛ | +⅛ | 6.98 |
| BELGIUM 9 5/8 98 | 250 | 111 | 111½ | -⅛ | 7.41 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| BAYERISCHE VEREINS INT 7 96 LFr | 600 | 94 | 95 | | 9.70 |
| COPENHAGEN TEL 8 5/8 96 LFr | 600 | 98¼ | 99¼ | | 9.21 |
| WORLD BANK 8 96 LFr | 1000 | 96½ | 97½ | | 9.81 |
| ABN AMRO HOLDINGS 9 1/4 01 Fl | 750 | 104⅝ | 105⅛ | +⅛ | 8.46 |
| UNILEVER 9 00 Fl | 500 | 104⅛ | 104⅝ | -⅛ | 8.25 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated.

† Only one market maker supplied a price

## INTERNATIONAL CAPITAL MARKETS

# Ecu sector welcomes first 30-year benchmark issue

By Richard Waters

THE Ecu market gave a rapturous welcome yesterday to its first 30-year benchmark issue as the French Treasury duly launched a widely-expected Ecu1.5bn deal. Despite a rough ride for Ecu bonds yesterday, the new French issue was still trading at around its issue price by the close.

The pricing of the bonds guaranteed a strong take-up. In an attempt to let the market determine the level for the long end of the yield curve, the lead managers, Crédit Lyonnais and CDC, had indicated early in the day that they were looking for a yield of between 8.38 per cent to 8.41 per cent. However, price indications from syndicate members suggested a tighter price could have been achieved.

The issuers opted to keep within their original parameters, though, and the bonds, with a coupon of 8¼ per cent, were eventually priced at 98.64, to yield 8.38 per cent. In the words of one banker: "It looked as though the French government had given everyone a treat."

The issue also appeared to meet the French Treasury's own funding target. When launched at midday, the yield was almost exactly midway between the spreads on outstanding French franc OATs maturing in 2019 and 2023.

Permission to strip the new bonds has not been given by the Treasury, in order to encourage their take-up as a 30-year issue. However, stripping is expected to be allowed at a later stage, probably after the issue has been added to in the coming weeks. Stripping will not be restricted to primary dealers in the French Treasury market.

## INTERNATIONAL BONDS

The maturity date, April 25, 2022, has been chosen to make the bonds fungible with the outstanding French franc 30-year OAT issue, should the EC move to a single currency in the interim. The issue was sold almost entirely in Europe before the New York market opened, with only a small portion going to the Far East.

Latin America provided the other highlight yesterday as Bankers Trust International brought US dollar issues for Bariven, which is backed by Petroleos de Venezuela, the state oil company, and Tubos de Acero de Mexico, a steel manufacturer. The $200m five-year issue from Bariven was brought at a spread of 2.58 points over five-year Treasuries. The bonds traded slightly higher later in the day. By contrast, the Tubos de Acero deal came at a spread of nearly 4.5 points above the three-year Treasury, and the issue was increased from $30m to $50m due to demand.

The longer end of the sterling sector saw further supply from the water industry, meanwhile, as South West Water issued £150m of bonds maturing in 2012. The issue, guaranteed by South West Water Services, the regulated utility in the group, was priced to yield 1.2 per cent over the 9 per cent UK gilt maturing 2008. In later trading it was offered at 99.875, compared with the re-offered price of 99.554.

A shorter-dated sterling deal was launched by Samuel Montagu, which underwrote a £100m bought deal for the European Investment Bank. The issue, fungible with an existing £525m of bonds, created the largest euro-sterling issue yet. Having been brought at 5 basis points over the benchmark gilt, the spread had tightened by several basis points later in the day.

● Crédit Local, the French agency, has set up an A$750m registered bond programme in the Australian domestic bond market, following changes in April to the rules governing issuance by foreign borrowers, writes Tracy Corrigan.

The first bonds, which will have a maturity of two to 15 years, are expected to be issued shortly. The programme was arranged by Hambros Bank.

● Nomura Securities has had its long-term rating lowered from AA+ to AA by IBCA, the European rating agency.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | |
| Bariven(a)† | 200 | 9 | 100.445 | 1997 | 1⅞/⅞ | Bankers Trust Int. |
| Tubos d'Acero d'Mexico(b)† | 50 | 9¼ | 99.54 | 1995 | 1⅞/⅝ | Bankers Trust Int. |
| **ECUs** | | | | | | |
| Council of Europe(g)† | 55 | 9⅛ | 101.775 | 1994 | 1⅛/1 | Bankers Trust Int. |
| **STERLING** | | | | | | |
| South West Water(a)† | 150 | 10⅝ | 101.429 | 2012 | 2½/1⅞ | SG Warburg Secs. |
| EIB(c)† | 100 | 10 | 100.505 | 1997 | - | Samuel Montagu |
| **D-MARKS** | | | | | | |
| Province of Quebec(a)† | 500 | 8 | 101¼ | 2002 | 2⅛/1½ | Commerzbank |
| Republic of Iceland(a)† | 175 | 8½ | 102 | 2002 | 2½/1½ | WestLB |
| **LIRE** | | | | | | |
| E.Naz.Per l'Energia Elec.(d)† | 500bn | 10⅝ | 101.55 | 2002 | 1⅞/1¼ | Bca.Commerciale Italiana |
| Mediobanca Int.(a)† | 100bn | 11.7 | 101⅞ | 1999 | 1⅝/1¼ | Banco di Roma |
| **PESETAS** | | | | | | |
| EIB(e)† | 15bn | 10⅛ | 101.35 | 2002 | 1⅞/1⅝ | Banesto |
| **SWISS FRANCS** | | | | | | |
| Nissaki House Ind.(f)‡‡† | 50 | 4¾ | 100 | 1996 | - | J Henry Schroder Bk |

‡‡Private placement. §Convertible. ¶With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Issued under $125m global programme. Non-callable. c) Fungible with existing £536.5m deal. Non-callable. d) Callable 1999 at 100¼% declining ¼% annually. e) Matador issue. Callable 1999 at 100½%. f) Callable 30/9/92 at 101¼% declining ¼% semi-annually. Put option 30/9/94 at 102⅞% to yield 8.178%. Coupon payable semi-annually. g) Fungible with existing Ecu200m deal. Non-callable.

# Bond dealers to play with more open hand

**Patrick Harverson** looks at proposals to reform the world's biggest financial market

FOUR months after they opened their joint investigation into attempts by Salomon Brothers to rig the US government bond market, the US Treasury, the Federal Reserve and the Securities and Exchange Commission (SEC) have drawn up a range of proposals for reforming the world's biggest financial market.

Until the Salomon scandal broke last August, the $2,000bn market for US bonds and notes was lightly regulated, old fashioned and dominated by a few big dealing firms. However, the status quo, which was often highly profitable for the leading participants, is due for a shake-up if proposals outlined in the joint study, published late yesterday, are adopted.

In light of Salomon's misdeeds, the study recommends that policing and supervision of the market be tightened, and that the main regulatory role over the primary dealers be switched from the New York Federal Reserve to the SEC. This should please Mr Richard Breeden, the commission's ambitious chairman, who has long been keen to extend the SEC's influence over the bond markets.

The antiquated and closed bidding procedures of the auction system will be replaced by a computer screen-based visible bidding process. The big dealing firms, such as Salomon, Morgan Stanley and Goldman Sachs, will find their valuable primary dealership franchises – which grant them exclusive rights to trade directly with the New York Fed and bid in the auctions – opened to other institutions.

The joint study recommends that in future the Treasury should intervene in the bond market if squeezes develop. A squeeze occurs when a few participants control a large portion of a new issue and use that dominance to extract a high price for the securities from other investors, especially those who have sold the issue short and need to cover their positions.

A squeeze occurred in May last year when Salomon gained control of more than 90 per cent of an issue of two-year notes, partly through illegal means. The squeeze led to claims that some investors lost millions of dollars, and to lengthy disruption of market prices.

The new policy is a reversal for the Treasury. For years it refused to interfere with the market because of the uncertainties that would be created. The Treasury has pledged to intervene when squeezes develop legally, arguing that even the perception of market manipulation can undermine the integrity of the market place and produce higher costs for the taxpayer.

The proposed method of preventing abuses is simple. If a serious squeeze is detected, the Treasury has a range of options. It could:

● Offer an extra amount of the issue in one go to the market;

● Ask the New York Fed to sell as many new securities as required to ease the shortage;

● Ask the Fed to lend securities to those who were victims of the squeeze.

Richard Breeden: keen to extend the SEC's influence

The anti-squeeze plan will meet criticism. The long-standing argument against intervention is that the threat of additional issues by the Treasury creates unwelcome uncertainty in the market.

Ms Heather Ruth, president of the Public Securities Association, which represents bond market dealers, warns that participants might bid less aggressively at auctions because they would not want to be caught with a large holding of bonds or notes that could lose value if the Treasury suddenly added new supply to the market. This, she says, could lead to higher interest costs for the taxpayer.

Defenders of the Treasury plan argue that a commitment to stamp out unruly price movements will bring interest costs down because they would attract more investors to the market who welcomed the protection against potentially damaging squeezes.

Among the study's other proposals, the Treasury, the SEC and the Fed have come up with a more open, automated alternative to the current system.

At the moment, investors submit sealed bids and the securities are awarded first to those who bid the highest, because the Treasury is keen to sell the securities at the lowest interest rate. The new system would involve an ascending-price plan, a complex process which would allocate securities based upon the lowest interest rate bidders are willing to accept.

Participants would be able to view the progress of the auction at every step – that is, how many investors were willing to bid at each rate – via computer screens.

However, these changes will have to wait. First, the current automation of the auction system has to be completed, which is not likely to be until the end of this year. Second, the views of the market are to be canvassed before any changes are introduced.

The primary dealers, until recently a tight-knit community of big trading firms, face fresh competition if the study's plan for opening up the auction system is adopted.

The authorities want to grant a wider array of financial institutions direct access to the auction process. Until now, only the 38 primary dealers have been able to bid competitively in auctions so they have recommended that some of the requirements that primary dealers have to meet, such as maintaining a minimum 1 per cent share of total customer activity in the Treasury market, be removed, and that all government securities brokers and dealers registered with the SEC be allowed to submit bids for customers in auctions.

Apart from the new anti-squeeze policy, which will be introduced on the first occasion a squeeze develops, the measures in the joint study remain just proposals. Whether the other measures are adopted depends primarily upon Congress, which will hold a series of hearings about the proposals over the next few weeks.

The first opportunity to gauge how much support the joint study has comes today when the Senate securities subcommittee hears testimony from the regulatory authorities who drew up the proposals.

The indications are that the study has the backing of the sub-committee's influential chairman, Senator Chris Dodd of Connecticut. Earlier this week when the study's first details were known, Senator Dodd said: "The reforms initiated by the Treasury and other agencies to date . . . will go a long way toward broadening the market, restoring investor confidence and providing for the issuance of Treasury debt at the lowest possible cost to the US taxpayer."

# Portugal may resume foreign borrowing this year

By Patrick Blum in Lisbon

PORTUGAL is likely to resume foreign borrowing this year, but this will be done carefully so as not to raise the country's overall indebtedness, Mr Jose Alberto Tavares Moreira, governor of the central bank, said yesterday.

Government proposals for the 1992 budget presented earlier this week include the possibility of raising up to Es153bn ($1.1bn) on the international financial markets.

This includes Es63bn for debt repayments and Es90bn on new financing.

Mr Tavares Moreira said the total figure was too high and that any new borrowing should be used to repay outstanding debt, and not to add to the debt burden.

"Borrowing should be limited to cover the Es63bn in repayments," he said.

Portugal has refrained from direct borrowing on the international markets for some years and used recent capital inflows to reduce the country's external debt which stands at about Es15bn.

Mr Tavares Moreira said that restrictions on foreign borrowing by companies would be eased this year – companies have to deposit 40 per cent of the value of any foreign borrowing with the central bank at no interest.

The restriction is designed to discourage companies from borrowing abroad where they can find much more attractive interest rates, but it has been the focus of criticisms from Portuguese businesses which say they are penalised in the face of foreign companies investing in Portugal.

"This [compulsory] deposit could be reduced in the near future, but gradually. A first step could be to bring the deposit down to 30 per cent, with further reductions following later, so that by the end of the year it could be substantially reduced," said Mr Tavares Moreira.

Any easing of capital controls would be limited to commercial transactions such as buying equipment abroad.

He said Portuguese interest rates could fall by about 3 percentage points this year, though they would remain high by international standards. Companies currently pay up to 25 per cent.

# Cresvale launches specialist fund

CRESVALE, the equity-related securities firm, is launching an unusual fund which will invest in the Japanese stock market using equity warrants and futures, writes Tracy Corrigan.

A basket of Japanese equity warrants on stocks in the Nikkei 225 index is purchased, and that position is then hedged through index futures, in order to neutralise market risk.

The Hedge Fund is an open-ended fund listed in Luxembourg. The fund will be marketed to institutional investors.

## LONDON MARKET STATISTICS

### FT-ACTUARIES SHARE INDICES

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| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Wednesday January 22 1992: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1992 to date | Tue Jan 21: Index No. | Mon Jan 20: Index No. | Fri Jan 17: Index No. | Year ago (approx): Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (178) | 781.65 | -0.6 | 8.71 | 6.15 | 14.68 | 0.19 | 786.56 | 787.02 | 785.41 | 687.30 |
| 2 | Building Materials (23) | 948.49 | -1.1 | 7.34 | 6.56 | 18.46 | 0.00 | 958.63 | 957.37 | 951.29 | 944.49 |
| 3 | Contracting, Construction (29) | 863.61 | -0.8 | 9.24 | 8.58 | 15.60 | 0.00 | 870.62 | 872.91 | 870.20 | 1051.83 |
| 4 | Electricals (7) | 2507.41 | | 9.90 | 5.98 | 12.70 | 0.00 | 2507.57 | 2504.26 | 2509.93 | 1839.14 |
| 5 | Electronics (26) | 1731.72 | -0.4 | 10.64 | 4.96 | 11.91 | 0.41 | 1737.93 | 1723.91 | 1712.84 | 1523.43 |
| 6 | Engineering-Aerospace (8) | 330.99 | -0.8 | 16.31 | 7.85 | 7.46 | 0.00 | 333.51 | 338.07 | 342.18 | 384.78 |
| 7 | Engineering-General (43) | 485.53 | -0.2 | 9.86 | 5.11 | 12.50 | 0.84 | 486.58 | 485.04 | 484.35 | 339.57 |
| 8 | Metals and Metal Forming (10) | 325.11 | -1.2 | 2.15 | 10.68 | - | 0.00 | 329.13 | 330.00 | 330.17 | 382.79 |
| 9 | Motors (13) | 297.89 | -0.2 | 8.57 | 8.00 | 15.51 | 0.00 | 298.37 | 299.33 | 304.34 | 268.23 |
| 10 | Other Industrial Materials (19) | 1610.48 | -0.6 | 7.47 | 5.09 | 15.91 | 0.00 | 1620.91 | 1626.83 | 1619.70 | 1186.31 |
| 21 | CONSUMER GROUP (188) | 1624.70 | -0.5 | 7.17 | 3.40 | 17.16 | 1.53 | 1633.01 | 1631.62 | 1623.35 | 1283.36 |
| 22 | Brewers and Distillers (23) | 2056.62 | -0.2 | 8.09 | 3.45 | 14.99 | 7.92 | 2059.84 | 2056.02 | 2054.28 | 1561.19 |
| 25 | Food Manufacturing (18) | 1224.78 | -0.7 | 8.80 | 4.15 | 14.03 | 1.03 | 1233.04 | 1233.96 | 1231.71 | 1025.86 |
| 26 | Food Retailing (17) | 2445.64 | -0.3 | 9.04 | 3.39 | 14.38 | 0.39 | 2453.96 | 2442.04 | 2448.08 | 2351.30 |
| 27 | Health and Household (24) | 4406.02 | -0.9 | 5.16 | 2.22 | 22.23 | 0.35 | 4445.69 | 4454.65 | 4355.38 | 2506.04 |
| 29 | Hotels and Leisure (24) | 1265.68 | -0.1 | 7.88 | 5.30 | 15.67 | 0.00 | 1267.51 | 1265.92 | 1256.66 | 1094.97 |
| 30 | Media (23) | 1450.87 | -0.3 | 6.67 | 3.70 | 18.79 | 0.91 | 1455.50 | 1445.40 | 1447.57 | 1168.73 |
| 31 | Packaging, Paper & Printing (17) | 748.40 | -0.5 | 7.08 | 4.44 | 17.13 | 0.00 | 752.11 | 749.31 | 751.94 | 497.43 |
| 34 | Stores (32) | 1001.85 | -0.5 | 7.33 | 3.71 | 18.08 | 0.23 | 1006.44 | 1005.89 | 1017.40 | 779.28 |
| 35 | Textiles (10) | 612.22 | -0.5 | 7.51 | 5.06 | 16.98 | 0.00 | 615.23 | 618.67 | 623.12 | 397.91 |
| 40 | OTHER GROUPS (115) | 1193.50 | -0.6 | 10.16 | 5.58 | 12.41 | 5.01 | 1201.08 | 1207.80 | 1213.43 | 975.89 |
| 41 | Business Services (16) | 1396.62 | -1.9 | 7.19 | 4.70 | 17.69 | 0.00 | 1423.72 | 1415.20 | 1409.51 | 944.34 |
| 42 | Chemicals (21) | 1457.30 | -0.6 | 6.93 | 5.02 | 17.84 | 0.19 | 1465.59 | 1461.13 | 1462.83 | 1036.36 |
| 43 | Conglomerates (11) | 1340.06 | -0.2 | 11.24 | 7.74 | 10.80 | 0.10 | 1343.07 | 1354.86 | 1360.35 | 1227.59 |
| 44 | Transport (14) | 2422.06 | -0.6 | 5.30 | 4.67 | 24.86 | 0.00 | 2437.63 | 2428.40 | 2448.16 | 1730.87 |
| 45 | Electricity (16) | 1149.65 | -0.6 | 15.77 | 6.47 | 8.25 | 11.22 | 1156.99 | 1176.36 | 1166.26 | 1032.89 |
| 46 | Telephone Networks (4) | 1344.43 | -0.9 | 11.67 | 4.66 | 11.19 | 15.96 | 1356.11 | 1372.38 | 1378.43 | 1112.25 |
| 47 | Water (10) | 2224.32 | -0.8 | 19.19 | 7.15 | 5.74 | 0.00 | 2242.78 | 2235.78 | 2254.95 | 2232.59 |
| 48 | Miscellaneous (23) | 1805.46 | | 5.51 | 5.42 | 24.97 | 0.00 | 1805.76 | 1817.32 | 1857.05 | 1513.74 |
| 49 | INDUSTRIAL GROUP (481) | 1275.40 | -0.6 | 8.36 | 4.56 | 14.95 | 2.32 | 1282.67 | 1284.45 | 1282.49 | 1006.36 |
| 51 | Oil & Gas (19) | 2173.39 | -1.4 | 11.77 | 6.45 | 11.24 | 0.00 | 2203.23 | 2198.50 | 2170.19 | 2108.64 |
| 59 | 500 SHARE INDEX (500) | 1355.72 | -0.7 | 8.75 | 4.77 | 14.42 | 2.19 | 1364.67 | 1366.02 | 1362.18 | 1098.18 |
| 61 | FINANCIAL GROUP (87) | 729.16 | -1.1 | - | 6.39 | - | 0.00 | 737.45 | 736.85 | 736.96 | 686.12 |
| 62 | Banks (9) | 877.67 | -1.3 | 4.38 | 6.05 | 46.46 | 0.00 | 889.13 | 885.18 | 888.40 | 738.09 |
| 65 | Insurance (Life) (6) | 1430.33 | -0.7 | - | 5.97 | - | 0.00 | 1440.63 | 1467.86 | 1465.94 | 1229.18 |
| 66 | Insurance (Composite) (7) | 514.32 | -1.3 | - | 8.48 | - | 0.00 | 521.31 | 518.48 | 514.62 | 591.85 |
| 67 | Insurance (Brokers) (10) | 1017.19 | -0.4 | 7.60 | 6.57 | 17.31 | 0.00 | 1021.46 | 1026.91 | 1018.04 | 932.88 |
| 68 | Merchant Banks (7) | 462.60 | +0.1 | - | 4.63 | - | 0.00 | 461.98 | 460.63 | 460.47 | 333.33 |
| 69 | Property (34) | 785.05 | -1.7 | 6.99 | 5.89 | 20.38 | 0.00 | 798.64 | 799.69 | 798.64 | 927.48 |
| 70 | Other Financial (14) | 240.91 | | 11.07 | 7.42 | 11.39 | 0.00 | 240.95 | 239.50 | 239.19 | 237.30 |
| 71 | Investment Trusts (68) | 1187.52 | -0.5 | - | 3.67 | - | 0.38 | 1194.08 | 1192.01 | 1196.50 | 957.67 |
| 99 | ALL-SHARE INDEX (695) | 1206.38 | -0.7 | - | 4.93 | - | 1.67 | 1215.00 | 1215.84 | 1213.08 | 996.23 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Jan 21 | Jan 20 | Jan 17 | Jan 16 | Jan 15 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX♦ | 2522.0 | -21.4 | 2539.2 | 2517.0 | 2543.4 | 2544.9 | 2536.7 | 2541.6 | 2537.1 | 2080.5 |

### FIXED INTEREST

| | PRICE INDICES | Wed Jan 22 | Day's change % | Tue Jan 21 | Accrued interest | xd adj. 1992 to date |
|---|---|---|---|---|---|---|
| | **British Government** | | | | | |
| 1 | Up to 5 years (26)● | 121.72 | +0.02 | 121.70 | 1.67 | 0.93 |
| 2 | 5-15 years (27)● | 136.36 | -0.15 | 136.57 | 2.13 | 1.15 |
| 3 | Over 15 years (8)● | 146.98 | -0.37 | 147.53 | 2.28 | 0.00 |
| 4 | Irredeemables (6)● | 162.44 | -0.28 | 162.90 | 2.12 | 0.00 |
| 5 | All stocks (67)● | 134.21 | -0.12 | 134.37 | 2.01 | 0.97 |
| | **Index-Linked** | | | | | |
| 6 | Up to 5 years (2) | 168.50 | | 168.49 | 1.14 | 0.00 |
| 7 | Over 5 years (9) | 148.94 | -0.04 | 149.00 | 0.38 | 0.63 |
| 8 | All stocks (11) | 150.50 | -0.03 | 150.55 | 0.48 | 0.54 |
| 9 | Debs & Loans (62) | 117.33 | -0.27 | 117.64 | 2.82 | 0.09 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Wed Jan 22 | Tue Jan 21 | Year ago (approx.) |
|---|---|---|---|---|---|
| | **British Government** | | | | |
| 1 | Low | 5 years | 8.77 | 8.78 | 9.88 |
| 2 | Coupons | 15 years | 9.21 | 9.18 | 9.89 |
| 3 | (0%-7¾%) | 20 years | 9.21 | 9.18 | 9.89 |
| 4 | Medium | 5 years | 9.57 | 9.56 | 10.65 |
| 5 | Coupons | 15 years | 9.31 | 9.27 | 10.19 |
| 6 | (8%-10¾%) | 20 years | 9.26 | 9.21 | 10.05 |
| 7 | High | 5 years | 9.81 | 9.80 | 10.79 |
| 8 | Coupons | 15 years | 9.39 | 9.34 | 10.34 |
| 9 | (11%-) | 20 years | 9.31 | 9.26 | 10.13 |
| 10 | Irredeemables | † | 9.42 | 9.39 | 10.09 |
| | **Index-Linked** | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 3.92 | 3.91 | 3.73 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.29 | 4.29 | 4.15 |
| 13 | Inflation rate 10% | Up to 5 yrs. | 3.24 | 3.23 | 2.31 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.11 | 4.10 | 3.96 |
| 15 | Debs & | 5 years | 11.04 | 11.00 | 12.51 |
| 16 | Loans | 15 years | 10.81 | 10.78 | 12.21 |
| 17 | | 25 years | 10.63 | 10.59 | 11.93 |

♦Opening index 2526.9; 9 am 2527.6; 10 am 2529.0; 11 am 2538.7; Noon 2537.1; 1 pm 2535.9; 2 pm 2534.9; 2.30 pm 2532.9; 3 pm 2530.0; 4.10 pm 2519.1; (a) 11.24am (b) 4.01pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991. ●CORRECTION: Due to technical problems the British Government indices and accrued interest figures were incorrectly quoted in yesterday's edition. The correct indices are as above. Correct accrued interest figures are: 5 years 1.58; 5-15 years 2.04; Over 15 years 2.25; Irredeemables 2.08; All stocks 1.93.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 1 | 54 | 26 |
| Other Fixed Interest | 2 | 9 | 7 |
| Commercial, Industrial | 191 | 325 | 969 |
| Financial & Property | 88 | 167 | 538 |
| Oil & Gas | 11 | 32 | 48 |
| Plantations | 0 | 0 | 9 |
| Mines | 15 | 59 | 78 |
| Others | 25 | 76 | 32 |
| Totals | 333 | 722 | 1,707 |

### LONDON RECENT ISSUES

#### EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price | +or- | Net Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price £ | +or- |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### RIGHTS OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1991/92 High | 1991/92 Low | Stock | Closing Price p | +or- |
|---|---|---|---|---|---|---|---|
| 43 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 220 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 235 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 415 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

a Annualised dividend ... official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ¤ Unit comprising of 5 Ords and 1 Warrant.

### TRADITIONAL OPTIONS

● First Dealings Jan. 20
● Last Dealings Jan. 31
● Last Declarations Apr. 23
● For settlement May 5

3-month call rate indications are shown on this page.

Calls in Amber Day, Conroy Petrlm., Helene, Ivernia West, Midland & Scottish Res., Next, NSM, Pelon and Spring Ram. Put and call in Thames Water.

### LONDON TRADED OPTIONS

| Option | | CALLS Jan | CALLS Apr | CALLS Jul | PUTS Jan | PUTS Apr | PUTS Jul |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Option | | CALLS Feb | CALLS May | CALLS Aug | PUTS Feb | PUTS May | PUTS Aug |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Option | | CALLS Mar | CALLS Jun | CALLS Sep | PUTS Mar | PUTS Jun | PUTS Sep |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

January 22 Total Contracts [illegible]

### TRADITIONAL OPTION 3-month call rates

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **INDUSTRIALS** | p | Charter Cons. | 40 | Ladbroke | 17 | Sears | 7½ | **OILS** | |
| Allied-Lyons | 55 | Comm Union | 38 | Legal & Gen | 31 | Smith Bomm A | 78 | Aviva Pet | 1½ |
| Amstrad | 4½ | Courtaulds | 39 | Lex Service | 18 | TI | 48 | BP | 22 |
| Astec (BSR) | 3 | Eurotunnel | 39 | Lloyds Bank | 31 | TSB | 10½ | Burmah Castrol | 40 |
| BAT Inds | 50 | FKI | 5½ | Lonrho | 20 | Tesco | 17 | Conroy Pet | 7½ |
| BOC | 48 | FNFC | 12 | Lucas Inds | 9 | Thorn EMI | 65 | Gaelic Res | ½ |
| BTR | 32 | Forte | 19 | Marks Spencer | 22 | T & N | 11 | Premier Cons | 3 |
| Barclays | 31 | GKN | 25 | Midland Bank | 19 | Unilever | 70 | Shell | 37 |
| Blue Circle | 22 | Gen Accident | 38 | NatWest Bank | 24 | Vickers | 14 | Tuskar Res | 1 |
| Boots | 33 | GEC | 15 | P & O Dfd | 34 | Wellcome | 75 | **MINES** | |
| Bowater | 65 | Glaxo | 70 | Racal Elect | 4½ | **PROPERTY** | | RTZ | 39 |
| Brit Aerospace | 27 | Grand Met | 78 | RHM | 18 | Brit Land | 21 | | |
| British Steel | 6 | GRE | 11 | Rank Org | 45 | Land Sec. | 38 | | |
| Brit Telecom | 24 | Hanson | 16 | Ratners | 5 | MEPC | 31 | | |
| Cadburys | 33 | ICI | 90 | Reed Intl | 40 | Mountleigh | 2½ | | |

# Thos Robinson agrees £41m offer from BM

By Andrew Bolger

THOMAS ROBINSON, the debt-laden engineering group, yesterday recommended an all-paper offer worth £41m from BM Group, the construction equipment distributor and manufacturer.

BM is also raising £60m in a 4-for-21 rights issue. Most of the proceeds will be used to reduce Robinson's indebtedness, with about £15m earmarked for the acquisition of a Canadian distribution business, which is still under negotiation.

The offer of 10 new BM shares for every 148 Robinson shares values the latter at 25.8p, compared with the 12½p at which they were suspended last Friday. Robinson's shares rose to 24p when trading resumed yesterday. BM's shares also returned from suspension at 400p to close 18p lower at 382p.

BM owns 2.99 per cent of Robinson's shares and already has acceptances representing a further 35.4 per cent of the capital.

Robinson grew rapidly by acquisition at the end of the 1980s under the chairmanship of Mr Graham Rudd, whose brother Nigel heads Williams Holdings, the industrial conglomerate. Mr Rudd left Robinson in July, when the company warned that it was heading for heavy losses.

Despite Robinson's difficulties, Mr Roger Shute, chairman of BM, said the acquisition would not dilute earnings and would enhance growth prospects.

Mr Rudd was replaced by Mr Roy Barber, the company doctor, who started selling businesses to reduce Robinson's debt. Net debt stood at £40m at the end of 1991, while Mr Shute said net assets had shrunk to £33m.

Mr Barber said: "Borrowings continue to be at a high level and the outlook for 1992 remains poor. It is unlikely shareholders will receive a dividend before 1994."


Roger Shute: growth prospects enhanced

Mr Shute said he had been strongly attracted by Robinson's Wadkin business, which makes woodwork machinery, and also its strong brands in fasteners, such as Nettlefolds and Unifix.

The acquisition will decrease BM's reliance on distributing construction equipment, which accounted for 70 per cent of sales last year after its £55m acquisition of Blackwood Hodge, the ailing distributor of earth-moving equipment, in November 1990.

Mr Shute paid tribute to Mr Barber's achievement since taking over at Robinson, saying: "He has done a good job in stopping the rot." This deal means Mr Barber will have more time to devote to Astra Holdings, the troubled munitions and fireworks company of which he is non-executive chairman.

*Mr Shute felt that, before Mr* Barber's arrival, Robinson had failed to actively manage its rapidly acquired subsidiaries. When attempts were made to rationalise overcapacity, they came too late and were made in a "panicky" fashion.

BM has been reducing its debts since that acquisition. The fund-raising means that the enlarged group would have net assets of £200m and gearing below 45 per cent.

The rights issue has been fully underwritten by Hambros Bank, BM's financial advisers, with Kleinwort Benson Securities and Albert E Sharp as brokers to the issue. Robinson's financial advisers are Schroders.

# Fisons restores presentation to City

By Paul Abrahams

FISONS, the pharmaceuticals group, yesterday began the *process of rebuilding bridges* with City institutions when it gave its first research and development presentation in four years.

In a speech to analysts, Mr Patrick Egan, executive chairman, denied that the company was leaderless following the surprise resignation of Mr John Kerridge as chairman and chief executive.

Mr Egan said he would remain involved in every aspect of the business until a new chief executive was appointed. Thereafter, he would concentrate his energies on the company's strategic direction and improving relations with shareholders and the City.

An inspection by US Food and Drug Administration officials of the company's manufacturing facilities for Opticrom and Imferon was expected shortly. Analysts said the sites should be ready for inspection by mid-March.

However, Mr Egan refused to give a date when the two products would be re-introduced to the US market. They were withdrawn last year from the US following violations of FDA regulations. Fisons was forced to make a £65m provision following the ban.

Mr Peter Fothergill, research and development director, gave a presentation on the prospects for Tipredane, a steroid asthma treatment, and Remacemide, a potential treatment for epilepsy and stroke.

Analysts said they were impressed by the commitment of Mr Egan, but pointed out that the two new drugs were unlikely to be on the market for at least six years.

"This presentation was really two years too early," said Mr Jonathan de Pass, a pharmaceuticals analyst at BZW. "Given the products may not be available for some years, there seems to be a lot of wishful thinking. Developing drugs is a risky business."

# Inchcape pays £32m to expand activities in the Middle East

By Andrew Bolger

INCHCAPE, the international services and marketing group, has expanded its operations in the Middle East by paying £32.1m for Spinneys, a group of marketing and retail companies.

Spinneys distributes consumer goods, foodstuffs and household products in eight Middle East states, and owns 12 supermarkets. The group made pre-tax profits of £5.8m last year and had net assets of £8.9m at the year-end.

Mr Charles Mackay, Inchcape's chief executive, said the deal underlined the group's long-term commitment to the Middle East. He believed that the outlook for stability in the region was more positive than it had been for many years.

Inchcape is buying Spinneys from Bricom Group, formerly part of the collapsed British & Commonwealth Holdings but now owned by a group of investors led by Gamlestaden, a Swedish company.

This acquisition maintains the pace of activity at Inchcape since Mr Mackay took over from Sir George Turnbull in November. Shortly afterwards, Inchcape announced a £376m rights issue to fund the acquisition of Toyota Kemaley & Millbourn, the motor distribution and retailing subsidiary of Brierley Investments, the New Zealand trading group.

Inchcape said that following its investment in an important Bahrain marketing operation last year, the cash acquisition of Spinneys significantly advanced the group's strategy of becoming the leading marketing company in each of its chosen territories.

Both Spinneys and Gray Mackenzie, Inchcape's existing Gulf operation, have long histories in the region. To maintain their separate identities and management, Inchcape is establishing Inchcape Middle East, which will incorporate all of its marketing operations.

The chairman of Inchcape Middle East will be Mr David John, a director of Inchcape, and the chief executive will be Mr Alan Davies, currently chief executive of the group's operations in the region. Mr Michael Hemery, managing director of Spinneys, will become Spinneys' chief executive and will join the board of Inchcape Middle East.

# DTI launches investigation into underwriting company

By David Barchard

THE DEPARTMENT of Trade and Industry yesterday launched an investigation into CR Driver & Company, a small insurance underwriting firm closely linked with London United Investments, the insurance group which collapsed in May 1990.

The DTI said yesterday that the investigation would be carried out under Section 432 of the 1985 Companies Act. This is the section of the act which makes it an offence to misinform shareholders.

The inspectors for CR Driver will be Mr William Marcus QC and Mr Angus Gilroy. They were appointed inspectors to LUI in October 1990 and the DTI said yesterday that the new investigation arose from information uncovered during the work on LUI.

Under the terms of their mandate, the inspectors will have very wide powers and be able to require the production of documents and the attendance of witnesses whom they can examine under oath.

In an affidavit sworn in May last year, the inspectors said that their investigations showed that between 1976 and 1989, HS Weavers (Underwriting), a wholly owned subsidiary of LUI, had made deductions totalling $46m (£25.6m) from reinsurance premiums and paid them to companies in Germany and Switzerland, known as the Smith companies, for reasons that were still unclear.

CR Driver was not part of the LUI group but it shared a number of common personnel and Mr Ronnie Driver was a former LUI director and chairman.

The two companies also had the same registered office. CR Driver went into liquidation on December 3 last year when Mr Raymond Turner of Neville Russell was appointed liquidator.

The collapse of LUI resulted in the largest ever levy on the 500 general insurers in the UK: each was asked to pay 0.5 per cent of its net income for 1990 to pay for it.

# ACT to announce plans for networking services offshoot

By Alan Cane

ACT, the Birmingham-based group whose fortunes recovered and flourished after the sale two years ago of its personal computer business to Mitsubishi of Japan, will today announce the formation of a new company to exploit a fast growing sector of the computing services market.

To be called ACT Network SI, it will concentrate on the implementation and management of complex data networks for large corporate clients and local authorities.

Logsys, another member of the group, is already active in central government networking where it has annual sales of more than £30m.

Network SI will concentrate on systems integration, putting together networks from components supplied by a range of suppliers, and it expects to profit from the new trend to "outsourcing", where companies use outside services suppliers to run their data processing and networking functions.

Mr Roger Foster, chairman, said he expected Network SI to conclude deals worth £10m in the first year of operations.

He believed the potential market for networking services was substantial. Figures from the Yankee Group Europe, a marketing consultancy, suggest that spending on network management is growing at 24 per cent a year compared with only 5 per cent a year for information technology budgets as a whole.

Managing director of the new company will be Mr Chris Winn, a main board director and managing director of ACT Computer Support. Mr Paul Lindsey-Jones will be sales and marketing director.

The company will initially be 45 in number but will be able to call on the expertise of the rest of the 1,800 strong group.

Data network management, essential to the effective collection and distribution of information within an organisation, has emerged as one of the most serious technological problems large companies face in the 1990s. The technology is complex and expensive and networking expertise is scarce.

ACT is now one of the largest UK-owned software and services companies by market capitalisation. It has gone through several transformations in its 26-year life, catching each succeeding wave of change in the turbulent computer industry. It has extensive experience of networking following its early move into personal computer local area networks.

The company's profitability improved markedly after it disposed of its hardware business; at the halfway stage last year sales were ahead 28 per cent at £52.6m while pre-tax profits were 22 per cent up at £6.61m.

# Dissident shareholders criticise MEPC pay-out

By Vanessa Houlder, Property Correspondent

ASSOCIATES of Mr Harry Hyams, the reclusive property developer, yesterday challenged MEPC's decision to pay an increased final dividend at the property company's annual meeting.

The intervention appeared to be a legacy of the acrimonious £516.4m takeover of Mr Hyams's property company, Oldham Estate, in 1987. Mr Hyams retained a fraction of his 28 per cent stake, apparently to express solidarity with a handful of small shareholders who opposed the offer.

The dissidents criticised the performance of MEPC's share price and shareholder funds. They also implied that the dividend would not be covered if MEPC had not capitalised its interest costs.

The four shareholders associated with Mr Hyams insisted on a poll being held, despite representing just 20.5m shares compared with MEPC's 125m proxy votes. MEPC was proposing to increase the final dividend by 1p per share to 14.75p, making a total of 20p (18p) for the year.

The meeting, which took one hour and 40 minutes, was held at Centre Point, the London office tower built by Mr Hyams which attracted controversy because it stood empty for many years.

Mr Jim Beveridge, MEPC's finance director, said that Mr Hyams was noted for his dislike of paying dividends. He said the inference that MEPC's dividend was not adequately covered was "completely wrong".

He said that the shareholders had previously asked MEPC questions at an annual meeting of Oldham Estate. "There *is a residual body of* Oldham shareholders who are angry that MEPC took Oldham over and ask embarrassing questions at meetings," said Mr Beveridge.

One of Mr Hyams's associates criticised MEPC for spending £6.5m on the refurbishment of Centre Point. Sir Christopher Benson, MEPC's chairman said it was too detailed a question to be answered during the meeting.

MEPC issued a statement to the Stock Exchange, which said that its resolution to pay a final dividend had been passed following a poll and that the dividend cheques were being posted. Its share price fell from 398p to 381p.

The dissidents' sharp questioning of MEPC's management was in marked contrast to the adulatory Oldham meetings Mr Hyams held.

Although usually held at inconvenient times such as New Year's Eve, the Oldham meetings were never dull. On one occasion in the early 1970s, the secretive and reclusive Mr Hyams donned a Mickey Mouse mask to taunt journalists and photographers excluded from the meeting.

# Takeover Panel revises timetable for Redland bid

By Andrew Taylor, Construction Correspondent

THE TIMETABLE for Redland's hostile £630m bid for Steetley, a rival building materials group, has been put back to give the Office of Fair Trading further time to consider *possible monopoly implications.*

Under Takeover Panel rules, Steetley should publish its final defence document by next Monday – 39 days after the bid was announced.

The Panel has now ruled that the bid clock be halted. As a result "day 39" will be deemed to be the second day after an announcement clarifying whether or not the offer will be referred to the *Monopolies and Mergers Commission.*

Day 46 – the last opportunity for posting a revised offer – and day 60 – the date an offer must become unconditional – will similarly be extended.

# Sea Containers free to relaunch bid for IoM Steam

By Peggy Hollinger

SEA CONTAINERS, the Bermuda-based cargo equipment and ferry company, is free to bid again for the Isle of Man Steam Packet, as the standstill agreement concluded three months ago came to an end yesterday.

However, any bid would have to be almost double the 115p offered in its first attempt to take the group in 1990. Steam Packet shares closed last night at 200p, valuing the company at about £30m.

Mr Michael Stracey, Sea Containers' vice-president, said yesterday that all options remained open. He refused to comment on whether Sea Containers planned to bid for Steam Packet or increase its 41 per cent stake in the Manx ferry operator.

According to Stock Exchange rules, Sea Containers can increase its holding by 2 per cent a year, without launching a full bid.

Mr Stracey said little progress had been made in the talks, which were aimed at strengthening the trading links between the two companies.

The main areas in the negotiations concerned: introducing Sea Containers' high speed craft, the Sea Cat, on the Manx routes; reworking or extending the agreement on Steam Packet's use of the Heysham port; using Steam Packet's Lady of Mann vessel on Sea Container's Irish Sea route; and a joint marketing agreement for ferry services. Mr Stracey said some progress had been made in this last area.

Mr David Clague, of Baring Brothers, Steam Packet's financial advisers, said the group was anxious that Sea Containers should clarify its position regarding a possible bid. "It is all a bit distracting," he said.

# Lower sales and earnings at enlarged Borland Intl

By Louise Kehoe in San Francisco

BORLAND International, the US personal computer software company, reported a decline in sales and flat earnings for its third quarter, following the completion of its acquisition of Ashton-Tate, another US software company.

Results for the third quarter were reported on a "pooling-of-interests" basis, in which the results of the merged company are compared to the accumulative results of both companies last year.

Revenues were $114.6m (£64m), a 6.6 per cent decrease compared with $122.7m for the same period a year ago, the quarter ending in December for Borland but ending in September for Ashton-Tate. Borland noted that in its 1990 third quarter Ashton-Tate's sales were buoyed by the introduction of a new product.

Net income was $7.5m, or 28 cents per share, compared with $6.8m last time. Borland took a $6m charge against third quarter earnings in connection with the merger, bringing total pre-tax transaction and restructuring charges over the past nine months to $116m. The company also benefited from a $7m tax credit, also related to the Ashton-Tate acquisition.

Revenues for the nine month period were $365.7m, up some 14 per cent from $321.4m. The company reported a net loss of $83.5m, or $3.42 per share, including restructuring and transaction charges, compared with a net *income of $2m or 8* cents per share, for the same period a year ago.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Flogas | int | 2.94♣ | Feb 18 | 2.67 | - | 7.41 |
| Ldn & Clydesdale | fin | 5.2 | Feb 25 | 5.2 | 7 | 7 |
| McKay Secs | int | 3.2 | Mar 30 | 3 | - | 8.4 |
| Newman Tonks | fin | 5.5 | Mar 30 | 5.5 | 9.3 | 9.3 |
| RCO | fin | 8.4 | Apr 1 | 7 | 12.6 | 10.5 |

Dividends shown pence per share net except where otherwise stated.
♣Irish pence.

# AIB US offshoot almost doubles to $110m

By David Barchard

PRE-TAX profits at First Maryland Bancorp, the US subsidiary of Allied Irish Bank Group, surged to $110.1m (£61.5m) in 1991, up from $57.9m in the previous 12 months.

The result was helped by a strong performance in the last quarter when profits rose to $23.9m ($1.5m). Total assets were up 9.4 per cent to $8.95bn ($8.18bn), while total loans rose 13 per cent from $4.81bn to $5.43bn. Deposits were up 17 per cent to $6.99bn ($5.99bn).

The results did not include figures for The York Bank of Pennsylvania, which has assets of $1.4bn, bought by AIB at the end of December.

The performance rested on a strong increase in fee income, better funding costs, and investment securities gains, combined with much lower provisions against bad loans and tighter control of non-interest costs.

"Since we first acquired a stake in 1983, FMB's track record has been one of consistent profits through every quarter of every financial year, a truly remarkable performance for any bank in the United States," said Mr Gerald Scanlan, AIB deputy chairman and group chief executive.

At the end of 1991, the total capital ratio of the bank was 11 per cent.

## Correction
## MCC

The pension funds of British Aerospace and Barclays are no longer shareholders in Maxwell Communication Corporation, as reported in yesterday's Financial Times. They sold their shares before trading was suspended last November.

## UK COMPANY NEWS

# Buying and selling for recovery

**Paul Cheeseright** on Newman Tonks' preparations for the upturn

NEWMAN TONKS is a recovery stock. The difficulty is knowing when the recovery will take place.

In 1991 it was expected that the benefits of continuing investment, acquisition and rationalisation would shine through in 1992. Now the expectation of benefits is put back to 1993, or, at the most optimistic, the last quarter of this year.

The Birmingham-based group produces, specifies and distributes architectural products such as doors, locks and windows, to the construction industry. It is the biggest group of its type in Europe. Where the construction industry goes, it follows. So, at least in the UK, it is having to battle through the doldrums. Last year, it noted yesterday, was "one of the most difficult years the building industry has faced since the war."

However, when it announced a 35 per cent fall to £15.1m in annual pre-tax profits and accompanied that with disclosure of two new acquisitions costing £18.9m and a share placing and offer to raise £17.9m, it pointed up some trends in Midlands manufacturing and the attitude of the City towards industry.

● Newman Tonks exemplifies the drive to diversify markets that has been marked in Midlands engineering since the recession of the 1980s. In its financial year to last October, 35 per cent of its turnover came from the US and continental Europe.

Its aim to be an international group has been taken one step further by the smaller of the two acquisitions it announced – that of Moller & Auster, the Norwegian locks cylinder maker and supplier of security systems, for £5.5m, payable in Newman Tonks shares.

This follows a string of recent continental European acquisitions like Undall, also in Norway, Normban in Germany and O Mustad et Fils in France.

● The recession has forced manufacturing companies to concentrate on the main lines of their business and to shed peripheral subsidiaries. Thus, in recent months, Newman Tonks has sold a central heating company and closed down a manufacturer and distributor of taps and showers.

● Alongside this concentration, Newman Tonks has been seeking to ensure that individual parts of its business obtain benefits from other parts. Hence, it is engaged in the delicate task of encouraging its distribution arms, in the Laidlaw business for example, which specify the products used in construction projects, to specify products produced within the group.

● The fall in manufacturing employment, following a sharp decline in the Midlands during the 1980s and a slower fall during the recovery years, has again accelerated.

Newman Tonks has been part of this trend with a continuing process of rationalisation.

● On a worldwide basis, its employment roll fell during 1990-91 by 10 per cent to about 4,600 people. Apart from the sale and closure of peripheral businesses, factories have been closed as the activities of different plants have been merged in the locks, brass and doors sectors.

● The other side of this is that, in addition to its acquisitions, Newman Tonks has continued to invest. Capital spending in the last financial year was £8m, against £11m the previous year.

● Lightening the debt burden has been a preoccupation in the manufacturing sector. Although Newman Tonks has remained acquisitive, it has managed to maintain a strong balance sheet. Gearing at the end of last October was 27 per cent. But the effect of the share placing to finance the Moller & Auster purchase and the larger buy, for £13.4m in shares, of Shapland & Petter Holdings, the Barnstaple door manufacturer, will be to reduce gearing to 17 per cent as net assets increase from the end-year figure of £73.3m to more than £86m.

● Despite the generally poorer results from manufacturing companies, the financial institutions have been keen to see dividend payments kept up. Newman Tonks is keeping its 1990-91 payments at the previous level of 9.3p despite the cost: £10.6m out of attributable profits of £11.8m. At the same time the new shares it is placing will attract the 1990-91 final dividend of 5.5p.

"There is a lot of talk in the press about cutting dividends, but the institutions are saying 'pay the dividends and come back for cash if you need it'," said Mr Cecil Buckett, the Newman Tonks finance director.

The institutions were as good as their word yesterday. The share placing, handled by de Zoete & Bevan and Albert E Sharp, was sold out by 10.30am.

The immediate future for Newman Tonks is uncertain. "The exact timing of the recovery in 1992 cannot be predicted with certainty, and competition within our world markets is strong," said Mr Douglas Rogers, the chairman.

The UK market remains depressed, but continental Europe remains steady and the US is improving slightly. All of which suggests that 1990-91 marks the nadir of Newman Tonks fortunes.

Tony Andrews

Geoff Gahan, chief executive: taking steps for revival

# Further expansion despite fall

NEWMAN TONKS yesterday announced that annual pre-tax profits had fallen by more than a third. In the year to October 31 they emerged at £15.1m, against £23.2m last time, writes Paul Cheeseright.

Earnings per share fell to 9.56p (15.35p), but the dividend is maintained. A proposed final of 5.5p makes a total for the year of 9.3p.

The group has continued its policy of expansion. It is buying, after a courtship of several years, Shapland & Petter Holdings, the Barnstaple door manufacturer, from the Raynsford family for £13.4m.

The payment will be in new shares and £2.33m of loan stock. The Raynsford family will receive 4.18m shares which will be conditionally placed and 2.89m shares which the family has agreed not to sell for a year.

Newman Tonks is also buying Moller & Auster, the Norwegian locks and security systems company, for NKr61.7m (£5.5m). Again the payment will be in shares: this time 3.79 new shares will be issued and conditionally placed.

In addition to these two sets of new shares, Newman Tonks is issuing a further 5.01m shares. The placing of all the new shares will raise £17.89m after expenses. The placing price is 145p but there is a clawback arrangement for shareholders.

They can buy one new share for every 8.5 they hold or one new share for every 17 convertible preferences they hold.

Newman Tonks shares yesterday fell by 2p to 153p.

# Geevor looks for lease of life from reverse takeover

By Kenneth Gooding, Mining Correspondent

GEEVOR, the UK mining company with an 85-year history, is likely to be swallowed up in a £10m reverse takeover which will give it new assets, management and ownership.

Mr Mark Wellesley-Wood, chairman, said yesterday that a private UK company, which he refused to identify, would be putting its North American assets into Geevor in exchange for shares which would give the vendors a substantial majority of the enlarged capital.

The assets include an underground coal mine in Pennsylvania which had been operating for 10 years, underground and surface coal reserves and resources, two operating coal reprocessing plants and coal refuse tips, and various gold and silver mining interests.

These would be expected to generate an operating cash flow for Geevor and offer potential for further expansion.

Mr Wellesley-Wood pointed out that the operations were similar to those previously held by Geevor, so present shareholders would have an interest in a similar company.

Geevor shares were suspended at 4¾p yesterday, pending the outcome of negotiations involving Smith New Court for Geevor and Charterhouse for the vendors. He suggested talks would take at least another two weeks. The proposed deal would be subject to approval by Geevor shareholders.

Interest on the £1.25m 10 per cent secured convertible loan notes 1995, due on December 31 but deferred at that time, would be paid in full on completion of the proposed deal.

The loan notes were issued after Geevor was nearly killed off when the Canadian Imperial Bank of Commerce withdrew banking facilities last year in controversial circumstances. Some shareholders took up the loan notes partly so that Geevor could pursue Canadian Imperial in the courts.

Mr Wellesley-Wood said that, should the reverse takeover be approved, Geevor's name would be changed – probably to Phoenix Mining.

## COMPANY NEWS IN BRIEF

BLAGDEN INDUSTRIES has acquired Alpha Safety and Solway Safety Products for a maximum aggregate consideration of £1.33m.

HEADLAM GROUP has paid £742,000 cash for two flooring businesses based in Stockport and Newcastle-upon-Tyne. Vendor was Hickson International.

KALAMAZOO is to acquire the business forms operations of NK Interface from the Nu-Kote group for about £1m.

LEX SERVICE has sold SMT Carlisle, a Vauxhall dealership, to Conway (Carlisle), a new company, for about £900,000 cash.

RIVER & MERCANTILE TRUST: Rights issue taken up as follows: new stepped pref – 6.89m shares (68.36 per cent); new income – 3.78m shares (18.81 per cent); new capital – 994,556 shares (11.54 per cent); new warrants – 611,082 warrants (30.38 per cent).

ROSS GROUP has acquired two clocks business which will increase its share of the UK market to more than 10 per cent. It has bought the clocks business of Steven Strauss & Co, a subsidiary of Zeon, for a maximum £540,000 cash and also the assets of Metamec Clocks and Lighting from the receivers for £270,000 cash.

SANDERSON ELECTRONICS has acquired the remaining 45 per cent of General Automation it did not already own. Consideration was £197,000 cash and settlement of £765,000 owed by General Automation to Sanderson.

SAVAGE GROUP has announced the closure of its Belgian subsidiaries. As a result, borrowings will be reduced by £2.5m and consolidated net assets by £2m.

T&N is acquiring the majority of the factory site, production equipment and inventory of Gleitlagerwerk Osterwieck, a German automotive bearing and bushing manufacturer, for about £2m.

WILLIS CORROON and TAC Group, part of the Hoogovens Group, are to share ownership and management control of CV Assurantiebedrijf Gebroeders Scheuer, one of the largest independent brokers in the Netherlands. Willis has the option of taking total control from 1997 with a profit-related payment. Willis has also acquired a 55 per cent interest in Willis Faber Gothia AB in Gothenburg, Sweden. The minority shareholders are Lennart Röök, Erik Månsson and Sune Fritz, who originally acquired the business in July 1991.

## NEWS DIGEST

### Agreed £5m offer for Trevian

TREVIAN Holdings, the USM-quoted property investment, development and trading group, has recommended an offer from fellow property group Frogmore Estates.

The bid follows the sale by Mr Lewis Davis, Trevian managing director, of his 12.9 per cent holding to Frogmore, which as a result owns 42 per cent of Trevian.

Frogmore is offering 45p cash for each of the outstanding shares, thereby valuing the company at about £4.95m. Mr Lewis yesterday resigned from the boards of Trevian, its subsidiaries and its associates.

The offer represents a premium of about 12.5 per cent over the mid-market quotation of ordinary shares at the close of business on Tuesday. Trevian's shares yesterday closed up 8p at 48p while Frogmore finished down 2p at 320p.

Trevian also reported pre-tax losses reduced to £341,000 (£423,000) in the six months to October 5. This figure incorporated provisions against certain trading properties. Turnover rose to £490,000 (£410,000) and losses per share were cut to 3.6p (4.1p).

### McKay Securities advances to £2m

McKay Securities, the Berkshire-based property group, bucked the sector trend with a rise from £1.91m to £2.01m in pre-tax profits for the six months to end-September.

The increase reflected gross rents and service charges ahead to £5.48m (£4.74m) and was struck despite interest charges of £1.39m (£1.18m) although this excluded £378,213 (£533,010) of interest and outgoings on development properties which was capitalised.

The interim dividend is raised to 3.2p (3p), payable from earnings of 6p (5.5p) per share.

### NE Industrial Props in £12.5m purchase

A newly-formed property investment company has spent £12.5m on buying a portfolio of industrial property in the north-east of England and two industrial estates in Dorset.

North Eastern Industrial Properties was set up by Prime Estates (Northumbria), an associate of Hunting Gate Group, a private property and construction group, Charterhouse Property Services, part of the bank, and TR Property Investment Trust, which has just bought New England Properties, a USM-quoted property company.

It bought the properties from English Industrial Estates, the government funded property company, and from EP Investments, an associate of Hunting Gate Group.

The investors subscribed for 4.15m preferred ordinary shares at £1 each. In addition a £9.4m loan was provided by Bayerische Hypotheken-Und Wechsel-Bank.

The properties, which cover 926,000 sq ft, offer a relatively high yield of 12 per cent.

Mr Jonathan Walters, group chief executive of Hunting Gate Group, considered there was potential for rental growth since the price of the buildings was below its replacement cost with rents as low as £1 per sq ft.

### RCO shows 20% increase to £4.4m

RCO Holdings, the cleaning and business services group, increased growth in both the public and private sectors in the year to September 27 1991, and reported a 20 per cent rise in pre-tax profits from £3.67m to £4.39m.

Earnings per share moved ahead 24 per cent to 27.14p (21.92p) and the dividend for the year is lifted by 20 per cent to 12.6p with a proposed final of 8.4p against 7p.

Turnover improved to £48.2m (£35.5m).

Directors expected that in spite of the recession the figures for the current year would exceed those now reported, although at lower growth rates.

### DBS doubles to £960,000

DBS Management, shares of which are dealt on the over-the-counter market, more than doubled pre-tax profits, from £429,000 to £960,000, in the six months to September 30.

The company operates in specialised life, pension and investment products and includes the UK's largest network of independent financial advisers.

Turnover rose 88 per cent to £1.98m (£1.05m) while earnings per share doubled from 12.3p to 28.4p.

### £1.82m for London & Clydesdale

London & Clydesdale Holdings, a housebuilder which operates throughout Scotland, finished the year to September 30 with pre-tax profits of £1.82m – much in line with market expectations.

The profit was generated from turnover of £21.4m, and compared with £3.31m from sales of £20.8m in 1989-90.

Interest charges more than doubled to £1.54m mainly reflecting the acquisition of sites and retention of an investment property which provided an additional rental of £300,000.

Earnings per share fell to 14.9p (24.5p) and the total dividend is again 7p with a final of 5.2p. The tax charge benefited from certain expenses previously incurred now being allowed against tax.

Mr Norman Chalmers, chairman, said current house sales were down on last year. "We are present discounting to achieve sales and consequently do not anticipate a particularly good result for the first six months".

Commercial property should contribute again to the year's results.

## PUBLIC WORKS LOAN BOARD RATES

Effective

| Years | Quota loans* EP† | A†† | at maturity§ |
|---|---|---|---|
| 1 | | | 10⅜ |
| Over 1 up to 2 | 10⅜ | 10⅜ | 10⅜ |
| Over 2 up to 3 | 10⅜ | 10⅜ | 10¼ |
| Over 3 up to 4 | 10¼ | 10¼ | 10⅛ |
| Over 4 up to 5 | 10¼ | 10⅛ | 10⅛ |
| Over 5 up to 6 | 10⅛ | 10⅛ | 10¼ |
| Over 6 up to 7 | 10⅛ | 10⅛ | 10⅜ |
| Over 7 up to 8 | 10⅛ | 10⅛ | 10⅜ |
| Over 8 up to 9 | 10⅛ | 10¼ | 10⅜ |
| Over 9 up to 10 | 10¼ | 10⅜ | 10⅜ |
| Over 10 up to 15 | 10⅜ | 10⅝ | 10½ |
| Over 15 up to 25 | 10⅝ | 10½ | 10⅜ |
| Over 25 | 10⅜ | 10⅜ | 10⅜ |

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## TECHNOLOGY

**Clwyd** HEALTH AUTHORITY

**COMPANY SNAPSHOT**
Glan Clwyd Hospital is a 700-bed District General Hospital outside Rhyl, North Wales.
**Nature of Business:**
Healthcare, treating 32,500 in-patients per year, and 175,000 out-patients, including accident and emergency.
**Annual budget:**
£42m, of which 1-1.5 per cent spent on Resource Management information technology.
**Employees:** 2,100 including 80 consultants.

**TECHNOLOGY FILE**
Clwyd is an example of interoperability, tying together disparate systems. It used tight contract and project management techniques to keep the project within time and budget, and also drew on the technical expertise of the Welsh Health Common Services Authority for the initial specification.
**Software and installation details:**
From McDonnell Douglas, on Reality Series 19, installed since March 1990:
Minimum Data Set statistics and contracts for reporting; Patient Administration System, used by ward staff to admit patients (June 1990); Inpatient and Waiting list; Outpatient and Waiting List (Sept 1990); Order Communications and Results (February 1991), which links all wards, secretaries, and some family doctors to laboratories and departments; Case Note Tracking and medical records.
**Other systems include:**
Wordperfect 5.1 word processing; Case Mix, set up in Oct 1990 to accept input from PAS, OCS and older systems for general ledgers and finance; Orsos Theatre Management from Atwork was linked in July 1990 to feed PAS details to theatre.
**Supplier:**
McDonnell Douglas Information Systems won the prime contract in December 1989 using a Pick-based multi-user operating system. The contract also required MDD to supply systems on a variety of different computers, and link them together.
**Overall cost:** Systems and communications infrastructure was £7m including 24-hour facilities management for three years.

Continuing a series on getting the most out of software, **Claire Gooding** visits Glan Clwyd Hospital to see IT under medical supervision

# Recovering well after surgery

**SOFTWARE AT WORK**

Innovation in information technology is not often associated with Britain's National Health Service. Yet the NHS is Europe's largest employer and a good deal more complex than any commercial business.

Despite the undoubted quality of its IT staff, computerisation has an unhappy history in the NHS. Since the late 1960s healthcare professionals have had to submit data to centralised systems. They resent the paperwork, see no benefits from their toil and distrust the statistics that result.

In January 1989 the government's Working for Patients white paper focused attention on the cost and efficiency of health services, posing questions that had never been raised before. It also put aside a large budget for information systems to support the changes.

Glan Clwyd Hospital, on the North Wales coast not far from Rhyl, is the Welsh "pilot site" for implementing this change of culture. It is a pioneer in the field of information systems and what, in the commercial world, would be termed "change management".

Clwyd was one of six early sites designated to develop its own systems for Resource Management (RM), an experiment now extended to 50 more UK sites. The aim of RM is to improve the organisation, as explained by Roger Dunshea, Clwyd's general manager of surgery, an ex-nurse and self-confessed "IT ignoramus", who was involved in the project from the start.

"RM is about working with consultants to bring them into the management process, from procurement onwards. It must involve them. I have to encourage them to focus their thinking on non-clinical matters such as cost and planning."

Newly-developed Hospital Information Systems and RM systems emphasise measurement: it is not possible to deliver efficiency, increase throughput or adjust budgets without first being able to measure all those elements.

Gren Kershaw, the unit general manager, says Clwyd made a strong bid to the Welsh Office to become the one RM pilot site allotted to Wales. "They chose us because we demonstrated a deep interest in using information to improve patient care and the way we manage hospital services."

David Thomas, a consultant gynaecologist and obstetrician, is also the Clwyd project leader. Long interested in management issues, he has given up some clinical time to the project but still keeps all his operating and on-call commitments. "We were able to demonstrate a close relationship between staff and management" he says. "And we had enough committed clinicians to make it work." No decisions will be made on the experiment until the end of 1992, but if it is accounted a success Clwyd's work solution is likely to be adopted elsewhere.

Thomas is concerned that healthcare professionals and others often misunderstand both the motives for collecting information, and the data itself. "A good example is beds. We had 930 beds in 1983 and we now have 700, but there's been a huge increase in patients treated each year, partly because the length of stay has gone down, from eight days to five-and-a-half," he says.

"In the past, we haven't known what the costs are, or what the implications are of using one treatment rather than another. Some healthcare professionals worry about a hidden agenda, even feel it's an attack on their professionalism. But information is for identifying good clinical practice, not for undermining health services or attacking doctors."

Kershaw claims his team has achieved some quantifiable results in 18 months, delivering useful information for clinicians and managers.

Clwyd's approach has been pragmatic. First, it has concentrated on creating operational systems which would be useful to the end-users in such tasks as, for example, delivering the results of blood tests.

The management information has been derived merely as a by-product of day-to-day activities, a point stressed by everyone involved.

Second, it has bought in packaged solutions, and made them work with a variety of existing systems, aiming for "interoperability" of disparate systems. Open systems, under which all new systems would run under a common operating system such as Unix, has arrived too late for the NHS. A couple of Clwyd systems are Unix-based: communications experts are still linking the older proprietary systems into the patchwork.

Last, but most important, was the effort Clwyd put into involving the staff. A total of 11 "task teams" were set up to consult colleagues. Nurses, consultants and secretaries were among those who contributed ideas to the Patient Administration System (PAS). "We had to proselytize, inform and educate," explains Dunshea. "The fear of IT had to be removed."

There were meetings with hundreds of staff, many of whom had never used a keyboard, and needed reassurance that their lack of expertise could not ruin the system. Newsletters, site visits and demonstrations were all part of the effort.

Four IT providers were invited to tender in September 1989, all according to strict procurement rules. Some of the offerings were too oriented to the US, where the emphasis is on billing and profit, not care and efficiency. McDonnell Douglas won the deal on Clwyd's "scoring system", and supplied several new systems, including PAS and the Order Communication System (OCS), plus 24-hour facilities management. These also had to be linked with other systems such as office automation.

Systems manager Joyce Hall, a former ward sister, took charge of the OCS. She set out to test the viability of the system as a key element in Clwyd's "operational" strategy, describing OCS as the "glue" for all other systems.

"The exercise forced us to look at current working practices. It's not about computers, it's about managing resources based on proper information," she states. Now, transactions – for instance, orders for blood tests – are keyed in by the people concerned at source, and results are instantly available from any terminal, cutting down on paperwork. The OCS extends beyond the hospital itself to family doctors, who have access to test results and similar information via PCs linked into the hospital.

"A by-product of the OCS is that the information gained can be used to build up patient profiles, and compare that information across different specialities. Any shop or manufacturer can tell you the cost of any product and its components. To my knowledge no one in the NHS can do that as yet: that's what we'll be able to do."

Mick Webb, the director of information services, agrees that the primary aim of RM is to support the operational processes, benefiting the clinicians in their day-to-day tasks. He sees the information coming full circle, from operational to management information, feeding back, eventually, into operational and clinical practice.

"Because it is recording day-to-day activities we can react more quickly, plan for the future, and see trends. In the past it would have taken two or three months: now we can see at the end of the week what resources a patient, or specific group of patients, consumes," says Webb.

"We think we're at the leading edge in operational terms, even if we're using long-established systems. We firmly believe what we're doing here will be of direct benefit to the patients, the care providers and the management: that's putting things in the right order," he adds.

Thomas already finds the new systems valuable, and wants others to see the benefits. "What I can do now is to get a good idea of the resources I need for a particular treatment at patient level. The hospital is using Diagnostic Related Groups with the aim of comparing costs with other hospitals in other parts of the country. We can find out what works; see how one consultant manages hysterectomies more effectively than others, and put those techniques to work."

Kershaw concludes: "We still have a long way to go to involve everybody, and we're not there yet. It's relatively new in a complex world. What we've done so far is successful, but we must continue driving it hard to get the benefits."

*The series will continue on the Technology page next month. The Quarterly Review of Software at Work will appear on March 19.*

Gren Kershaw (left) and David Thomas: aiming for a closer relationship between management and staff

**■ BUZZWORDS**

**Resource Management** involves healthcare professionals in management decision making.

**Patient Administration Systems** record patient and treatment details.

**Hospital Information Systems** provide management information.

**Diagnostic Related Groups** are "patient care profiles" for specific treatments, for example a broken leg.

**CONSULTANT'S CRITIQUE**

**THE CHANGES** in the NHS have struck deep into the corporate culture. New techniques and treatments mean that the expectations of patients have been raised. Heart transplants, for example, have moved from the pages of science fiction to those of local newspapers.

With finite financial resources the NHS has had to look at efficiency. It now matters how much treatments cost and whether they are effective. But the infrastructure does not yet exist and there are decades of established practice to be overcome. In most cases, there is no means of measuring the problem, let alone producing solutions.

It is in this context that we need to examine the Clwyd study. The issue is not so much a computer system as a revolution in working methods. Happily, Clwyd Hospital has avoided many of the pitfalls of earlier systems. The team has recognised the need to involve all levels of people in the implementation.

It has wisely gone for a set of small solutions rather than a grand design. This has introduced a number of interoperability problems but these are easier to overcome than the difficulties which accompany the all-encompassing systems. Grand systems have a habit of becoming over-complex and never working at all. It is much easier to steer a moving Lada than a pile of Rolls-Royce parts.

I liked the focus on getting the most useful things working first. Too often, the order of implementation is left to the programmers who implement the areas which interest them most.

The Clwyd approach ensures that users get value from the system early on. This generates goodwill for the inevitable snags.

It has also allowed the team to draw in outsiders such as family doctors who are an essential part of the referral mechanisms. They too are more likely to co-operate with form filling if they can see improvements in their own practices.

**Kevin Grumball**

*The author is a consultant with Software Design and Construction, of Milton Keynes*

# COMMODITIES AND AGRICULTURE

## Soviet aid 'may cut US subsidy bill'

By Nancy Dunne in Washington

A US congressman who has been organising a Democratic response to pleas for food aid from the former Soviet republics is arguing that a humanitarian response will mean the US government will need to pay less in production subsidies to American farmers.

President Bush is expected to seek more money for farm subsidies in his 1993 budget. However, Congressman Dave Nagle, an Iowa Democrat, said new offers of aid could drive the market price of maize up 30 cents a bushel to $2.75 a bushel. "This would wipe out the need to pay deficiency payments on corn," he said.

Ms Susan Keith, government relations representative with the US Corngrowers Association, said the government would probably have to pay about $1.5bn in "deficiency payments" – production subsidies – for 1991 for maize because the price was below $2.75 a bushel.

US maize sales to the former Soviet Union have plummeted because it can no longer afford to pay cash. The US sold about 16.5m tonnes to Moscow in 1989-90, but only 8.5m tonnes the next year.

The downturn in exports does have an immediate budget impact, Ms Keith said. "If we were selling maize to the Soviets at the level of two years ago, you would probably see a 30 cents price increase."

US wheat prices are above the $4 per bushel at which production subsidies must be paid. Stocks are quite low by historical standards, but Mr Barry Jenkins, a spokesman for US Wheatgrowers, said the 390m-400m bushels in stocks would make plenty of bread without a significant increase in prices.

Cargill, in its January bulletin, notes that "1991 harvests were poor in much of the world, causing a record decline in production. Grain stocks are declining to pipeline levels."

Still, needs are great, particularly in the former Soviet republics and countries torn by war.

"Conditions are realigning to give US agriculture an opportunity like that of the early 1970s, to assist and trade at a time of need and to grow out of a number of its own problems and persistent stagnation," Cargill says.

**Reform of the European Community's Common Agricultural Policy could result in UK millers having to use imports to get the quality wheats needed for bread production, widening the food trade gap unnecessarily, the National Association of British and Irish Millers said yesterday. The reforms would encourage farmers to grow high yielding, lower quality grains irrespective of demand in order to maximise the guaranteed return which the intervention system offers.**

## Uptrend forecast for cocoa prices

By David Blackwell

HISTORY COULD be repeating itself in the depressed world cocoa market, according to Gill & Duffus, the London trade house owned by E.D. & F. Man.

The market, which has been buffeted by low prices and overproduction for the past few years, is now in a similar state to the mid-1960s, when stocks were also at record highs and prices at record lows.

"Although prices rose, the recovery was insufficient to stimulate production or curb consumption growth," says Gill in its latest cocoa market report. It predicts several years of deficits, and "as a result, the general trend in bean prices through to the mid-1990s will be up rather than down".

Gill & Duffus has cut its world production forecast for 1991-92 to 2.24m tonnes from a September estimate of 2.32m tonnes, mainly because of a deterioration in prospects for Nigeria. The forecast for the Ivory Coast, the world's biggest producer, has been reduced by 40,000 tonnes to 710,000 because of dry weather.

The total deficit – the first after seven years of surplus – is now estimated at 177,000 tonnes, compared with the earlier forecast of 148,000 tonnes. This will still leave closing stocks for the year at 1.85m tonnes.

World consumption will continue to rise, by 2 per cent to 2.39m tonnes for 1991-92, Gill predicts. "Looking forward to 1992-93 we expect another year of record consumption as prices remain low in real terms and western economies recover from recession."

## Broker cuts estimate of 1991-92 sugar surplus

By David Blackwell

FALLS in the sugar production of the former Soviet Union and Cuba have led E.D. & F. Man, the London trade house, to cut its estimate for the world sugar supply surplus for 1991-92 to 1.58m tonnes from a September estimate of 2.06m tonnes.

This compares with a surplus of 990,000 tonnes predicted last week by F.O. Licht, the German sugar statistics agency, which stated categorically: "There is no large surplus overhanging the market."

Man, which now puts production at 113.05m tonnes and consumption at 111.47m tonnes, points out that the revolutionary changes in the world political arena have plunged the sugar market into "the greatest period of uncertainty over three decades".

The immediate impact has been the forecast decline in imports to the former Soviet Union, coupled with a fall in its trade with Cuba. "A shift away from agreements that bypassed the international free market is a favourable development for the world sugar market but, coming at a time when the raw sugar import demand of the ex-centrally planned economies of East and Central Europe is falling, it is depressing for prices," Man says in its latest sugar market report.

It is assuming a 15 per cent fall in sugar consumption in the former Soviet Union to 10.6m tonnes of whites. Raw production is put at 7.5m tonnes. The consumption figure is conservative "given the hoarding that has apparently taken place over the past two years and the estimated 2m tonnes of sugar that is used in making home-brewed alcohol".

## Little progress made at rubber agreement talks

By Lim Siong Hoon in Kuala Lumpur

THE INTERNATIONAL Natural Rubber Organisation yesterday ended its two-day special council session without a repeat of the bad tempered scenes that marred its meeting last October but also without making much progress on updating the market-stabilising International Rubber Agreement.

The most significant decision to have emerged concerns the establishment over the next few weeks of an ad-hoc group of rubber market experts to provide an independent view on the state of the market over the past two years. But the group is expected merely to "supplement" the work of the existing buffer stock committee, made up of civil servants.

Producer and consumer groups are each to nominate three members members of group, whose report to the Inro council is expected at its next meeting in May. Producers are then expected to resurrect the issue of early renegotiations to reform the rubber agreement.

By May delegates representing the largest consumer members, the European Community and the US, are expected to have received their governments' decisions on the timetable for renegotiation.

At this week's meeting a suggestion by one consumer for the lowering organisation's reference price, thereby lessening its obligations to enter the market, attracted no backing. And the producers refrained from suggesting any upward revision of support prices. Such a move would cost the membership between $400m and $500m, the price for stockpiling 400,000 tonnes or more.

## Aids seen hitting output from African copperbelt

By Kenneth Gooding, Mining Correspondent

THE AIDS epidemic will make a gradual, but unavoidable, impact on copper mining in Zaire and Zambia, two of the world's biggest producers of the metal, suggest the Economist Intelligence Unit in a special report today.

In an otherwise fairly optimistic view of world copper consumption, demand and prices, it says: "Essentially, the danger is that skilled workers, supervisors and managers will die of Aids faster than replacements can be trained.

"The result will be not a sudden collapse in mine output. Rather there will be a slow but steady increase in the incidence of breakdowns, accidents, delays and misjudgements, and output will suffer."

The report shows that copper mine production in the two countries peaked at 1.2m tonnes in 1974 and gradually fell to 850,000 tonnes in 1990. The EIU sees their combined output falling to 600,000 tonnes by 1993 before recovering a little in the following three years.

Mr Peter Parkinson, author of the report, says that transport systems in the African copper belt will always be precarious and will also be affected by the Aids epidemic. So the amount of copper in the "pipeline" will tend to increase.

"The political conditions under which the mines have to operate may also deteriorate. Ironically, (at present) there is some hope for the emergence of more open and pluralistic political systems in both Zaire and Zambia, but there is a clear danger that, as the epidemic fastens its grip, the normal constraints of civil society will tend to give way."

The report points out that Indonesia is emerging to take up some of the slack caused by Africa's problems and is becoming a "sizeable low-cost producer." Between 1990 and 1996 the EIU forecasts Indonesia's copper output will jump by 85 per cent to 315,000 tonnes.

Mr Parkinson suggests copper companies will take a lesson from their precious metal counterparts and in future attempt to stabilise revenue through long-term forward sales and linked loan techniques. "This may lead to downward pressure on prices, as has happened with gold and silver, and hence to lower profits and/or continued efforts to reduce costs. In the shorter run this will be of most benefit to the more efficient producers; in the longer run it will be of greater benefit to those with higher ore grades."

*Copper to 1995: Demand overcomes setbacks, £175 or $365 from the EIU, 40 Duke Street, London W1A 1DW, England.*

**Western World Refined Copper ('000 tonnes)**

| | 1996 | 1995 | 1994 | 1993 | 1992 | 1991(e) | 1991(a) |
|---|---|---|---|---|---|---|---|
| Production | 10,390 | 10,010 | 9,530 | 9,075 | 8,890 | 8,530 | 8,460 |
| Consumption | 10,520 | 10,250 | 9,840 | 9,360 | 8,985 | 8,810 | 8,742 |
| Balance | −130 | −240 | −310 | −285 | −95 | −280 | −282 |
| Net imports* | 190 | 190 | 325 | 320 | 310 | 300 | 236 |
| Stock change† | +60 | −50 | +15 | +35 | +215 | +20 | −46 |
| Reported stocks | 973 | 913 | 973 | 958 | 923 | 705 | 688 |
| Price (US cents/lb)§ | 110 | 125 | 120 | 105 | 97 | 105 | 120 |

Source: EIU. (a) actual. (e) estimated. * from centrally planned economies. † apparent. § dollar equivalent of LME cash settlement price.

## Chorus of disbelief greets Mexican oil reserves claim

### Industry experts agree the official figure is twice as high as it should be, writes Damian Fraser

PEMEX, MEXICO'S giant oil monopoly, is no stranger to criticism. But rarely can it have been as hard to take as when the company's former vice-president for exploration and production accused the company late last year of "perfectly consciously" lying about it reserves, recording them at above double actual levels.

Mr Francisco Inguanzo, who had been vice-president of Pemex's exploration and production from 1964 to 1976, claimed in an interview with the news magazine Proceso to have been commissioned in 1988 by the director of Pemex to write a report on Mexico's reserves. After eight-month of study he put Mexico's reserves at just 33.1bn barrels, subsequently reduced to 29.9bn barrels for December 1991, compared with the official estimate of current reserves of 65.5bn barrels.

Mr Inguanzo's findings, while denied strennuously by Pemex, are supported by almost all other independent studies. As is shown in the accompanying table, drawn up by Mr George Baker of the University of California, Los Angeles, all but one study reckons Pemex's crude reserves are between 20bn and 30bn barrels.

Pemex's figure of 65.5bn barrels includes the crude equivalent of natural gas and condensates reserves. The figure that appears to support Pemex, by the US Geological Survey refers to "identified reserves". This includes undiscovered reserves – which are not proven.

The differences between the Pemex estimates and all the others depend in part on the classification of the huge Chicontepec field. According to official Pemex figures, the field holds 10.9bn barrels of crude oil and 6.7bn of oil equilavent, or 25 per cent of proven reserves. Pemex is not producing oil from this area, never has, and has no plans to do so in the future – and thus, according to Dr Charles Masters of the Geological Survey, Chicontepec should not count it as a proven reserve under internationally accepted standards.

Pemex says it is sufficient that Chicontepec could in theory be profitably exploited. But even this is by no means certain. According to those questioned it is extremely doubtful. Mr Inguanzo, said that if Mexico was an honest country even the most unqualified engineer in Pemex would conclude that the figures for Chicontepec were "ridiculous".

Mr Joseph Riva, a geologist at the Congressional Research Service in the US says: "Chicontepec may never make economic sense", because the field is not uniform, and thus would require 20,000 small wells to extract all the oil. Dr Masters, who after much heart-searching finally included Chicontepec as an identifiable reserve last year, said: "I have always had the idea that Chicontepec never is going to be used. It is not a proven researve by any means at all". The field, he says, is "very irregular" and "will be a very difficult thing to produce".

**The United Arab Emirates and Indonesia announced yesterday that they were cutting oil production by 50,000 and 25,000 barrels a day respectively with immediate effect, reports Reuter.**

**The moves follow recent pledges to cut production by seven other members of the Organisation of Petroleum Exporting Countries, notably Saudi Arabia, in an effort to boost prices. Yesterday's announcements bring the total of these cuts to about 375,000 b/d.**

**Estimates for Pemex Reserves (billion barrels)**

| | Crude oil | Total petroleum equivalent(a) |
|---|---|---|
| Pemex | 44.6 | 65.5 |
| USGS(b) | 44.9 | (66.2) |
| Riva | 26.4 | (41.7) |
| Inguanzo | (20.9) | 29.9 |
| Baker | 22.9 | 38.1 |
| PFC | 32.5 | |

Source: George Baker and Mexican Policy News. (a) At Pemex conversion rate, which is more favourable than the standard US rate. (b) USGS estimates are for identified, not proven, reserves. Figures in brackets constructed by George Baker.

The Washington-based Petroleum Finance Company, in a study commissioned by the US Department of Energy in 1990 concluded that "the 11 per cent recovery factor used by Pemex [for Chicontepec] far exceeds the established practice for that kind of geology", and assumes a recovery factor of just 5 per cent.

The difference between Pemex and independent experts does not just depend on interpreting Chicontepec. Mr Inguanzo's estimate for Pemex's oil and equivalent is a full 35.6bn barrels less than the company's, and only half the difference can be explained by Chicontepec's exclusion.

Mr Inguanzo is not specific about where the other differences lie and in a detailed analysis of the Proceso interview, Mr Baker concludes that Mr Inguanzo may be referring to reserves that are supported by current production, rather than future production.

Still, there is agreement among those interviewed that the number of wildcats made by Pemex in the late 1970s is not consistent with the huge increase in reserves at this time. Mexico's reserves figure jumped from 16bn in December 1976 to 72.5 bn in 1982. Mr Riva, who puts Pemex's crude reserves at 26.4bn barrels, concurs. "I was always giving Pemex the benefit of the doubt," he says. "If this engineer [Mr Inguanzo] says 21bn barrels, I believe him".

Furthermore, Mr Inguanzo claims that subsequent excessive drilling has lead to a loss of water pressure in many wells, and damaged productivity. The Petroleum Finance Corporation says independent estimates of reserves in the offshore Campeche zone are lower than Pemex's because of a sharp pressure drop in wells occasioned by a lack of water injection in drilling.

None of these engineers or geologists deny that Mexico is rich in oil. Pemex's daily production is 2.7m barrels a day, or about 1bn barrels a year. It is thus, by the worse estimate of its reserves, operating at a production to reserves ratio of 21 to 1, double that of the US.

Further there is a general consensus that much more oil lies undiscovered – another 35bn to 40bn barrels, Mr Riva believes. Mr Bernie Picci, an oil analyst at Salomon Brothers in New York says "vast areas of Mexico have not been touched which are thought by statistical extrapolation to have large amounts of oil".

But bringing these undiscovered reserves to the surface is going to require money (and in the deep sea areas expertise) that Pemex does not have. As it is, Pemex will probably have to spend at least $2bn a year to maintain exports at current levels of 1.3m barrels a day. (Production is split equally between exports and domestic use. But with domestic demand increasing by 10 per cent a year, Mexico will become a net importer in 7 years unless production rises).

Strapped for cash, and with reserves falling, the Mexican government will find it increasingly tempting to drop the constitutional ban on foreign companies wild-catting for oil. Mr Inguanzo's revelations, by showing that Mexico is not as rich in oil as many Mexicans thought, may hasten that day.

# WORLD COMMODITIES PRICES

## MARKET REPORT

Zinc prices moved ahead on the LME on good buying and short covering, with three-month metal ending just below $1,159.75 a tonne on the kerb. Traders said the $1,160 level marked the start of an expected band of resistance stretching up to $1,180 which could halt the uptrend unless fresh news of consumer demand emerges to support the higher prices. Nickel prices consolidated just below 4½-month highs struck earlier on continued investment fund buying. Dealers said the market had absorbed Tuesday's downward reaction, as well as bouts of hedge-selling, and remained on target to test upside objectives above $8,000 a tonne for three-month metal. The market is waiting to see if German steelworkers go on strike. The results of a ballot on Sunday are expected on Friday January 31. A strike would reduce demand from nickel's key end-use sector. Gold eased on the London bullion market. Dealers said the market was looking tired after once again failing to make inroads into stiff resistance around $358 to $361.50 a troy ounce. It could drift back to test support at $355. Some concern appeared to be edging into the market that the metal might retreat to $352-$353 if a renewed rally was not forthcoming in the short term.

**Compiled from Reuters**

## London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB) | | + or - |
| Dubai | $14.90-5.00q | +.225 |
| Brent Blend (dated) | $17.75-7.90 | +.075 |
| Brent Blend (Mar) | $17.70-7.75 | +0.1 |
| W.T.I. (1 pm est) | $18.70-8.80q | +0.1 |
| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $200-202 | -1 |
| Gas Oil | $173-174 | -2.6 |
| Heavy Fuel Oil | $59-62 | -1 |
| Naphtha | $182-185 | -0.5 |
| *Petroleum Argus Estimates.* | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $357.30 | -0.7 |
| Silver (per troy oz)♣ | 427.0c | -2.5 |
| Platinum (per troy oz) | $340.5 | -4.85 |
| Palladium (per troy oz) | $84.00 | |
| Copper (US Producer) | 100.61c | -0.09 |
| Lead (US Producer) | 37c | |
| Tin (Kuala Lumpur market) | 14.33r | -0.01 |
| Tin (New York) | 252.5 | -1 |
| Zinc (US Prime Western) | 62c | |
| Cattle (live weight)† | 105.41p | -1.65* |
| Sheep (live weight)†♣ | 102.87p | -1.70* |
| Pigs (live weight)† | 86.29p | +2.22* |
| London daily sugar (raw) | $209.4t | -0.4 |
| London daily sugar (white) | $264.0t | -2.7 |
| Tate and Lyle export price | £223.0 | -0.5 |
| Barley (English feed) | £123.5 | |
| Maize (US No. 3 yellow) | £147.5 | |
| Wheat (US Dark Northern) | £101 | |
| Rubber (Feb)♥ | 51.00p | |
| Rubber (Mar)♥ | 51.25p | +0.25 |
| Rubber (KL RSS No 1 Feb) | 217.0m | +1.0 |
| Coconut oil (Philippines)§ | $755y | +20 |
| Palm Oil (Malaysian)§ | $390.0q | |
| Copra (Philippines)§ | $480.0t | |
| Soyabeans (US) | £147.5 | +2.1 |
| Cotton "A" index | 58.40c | -0.3 |
| Wooltops (64s Super) | 415p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

| SUGAR – London FOX | | | ($ per tonne) | |
|---|---|---|---|---|
| Raw | Close | Previous | High/Low | |
| Mar | 189.00 | [illegible] | 188.20 | 184.20 |
| May | 190.00 | 186.00 | 189.20 | 185.00 |
| Aug | 192.00 | 186.60 | 186.40 | 186.40 |
| Oct | [illegible] | [illegible] | 188.80 | 187.00 |
| Dec | 190.40 | [illegible] | 185.60 | |
| White | Close | Previous | High/Low | |
| Mar | 270.0 | 264.0 | 269.5 | 263.0 |
| May | 273.4 | [illegible] | 272.2 | 267.0 |
| Aug | 275.9 | 271.0 | 274.0 | 270.0 |
| Oct | 264.4 | 261.0 | 264.4 | 258.7 |
| Dec | 265.9 | 262.5 | 265.9 | 260.7 |
| Mar | 267.2 | 263.5 | 262.0 | |

Turnover: Raw 458 (425) lots of 50 tonnes. White 2350 (2587)
Paris- White (FFr per tonne): Mar 1460.99, May 1490.94

| CRUDE OIL – IPE | | | $/barrel | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Mar | 17.75 | 17.75 | 17.85 | 17.54 |
| Apr | 17.64 | 17.69 | 17.78 | 17.50 |
| May | 17.60 | 17.57 | 17.70 | 17.50 |
| Jun | 17.63 | 17.55 | 17.63 | 17.51 |
| Jul | 17.60 | 17.50 | 17.60 | |
| IPE Index | 17.96 | 18.19 | | |

Turnover 13094 (24782)

| GAS OIL – IPE | | | $/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | [illegible] | 171.00 | 170.00 | 167.00 |
| Mar | 167.00 | 169.25 | 168.00 | 165.25 |
| Apr | 165.25 | [illegible] | [illegible] | [illegible] |
| May | 163.25 | 165.00 | [illegible] | 161.75 |
| Jun | [illegible] | 165.50 | [illegible] | 162.00 |
| Jul | 164.25 | 166.50 | 166.75 | 162.75 |
| Aug | 166.00 | 168.25 | [illegible] | 165.00 |
| Sep | [illegible] | 170.50 | 168.00 | 167.00 |
| Oct | 170.00 | [illegible] | 170.25 | 169.00 |

Turnover 18575 (11064) lots of 100 tonnes

**WOOL**

The market in Australia is steady again this week, with only a very slightly dearer tendency affecting wools of better style. Tender and drought-affected wools are meeting with erratic and restricted demand. The Australian Wool Corporation's market indicator at 580 cents is slightly higher than last week and than at the closing sales in December, before the Christmas recess. Offerings in Australia in the next few months are well down on a year ago.

| COCOA – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 730 | 734 | 736 | 729 |
| May | 756 | 759 | 764 | 755 |
| Jul | 783 | 786 | 791 | 782 |
| Sep | 806 | 808 | 816 | 805 |
| Dec | 839 | 842 | 845 | [illegible] |
| Mar | 867 | 871 | 874 | [illegible] |
| May | [illegible] | 889 | 894 | [illegible] |
| Jul | 903 | | 911 | |
| Sep | 920 | | 924 | |

Turnover: 7279 (4927) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan.21 914.48 (919.46) 10 day average for Jan.22 906.51 (907.14)

| COFFEE – London FOX | | | $/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 1020 | 1023 | 1020 | |
| Mar | 1009 | 1013 | 1014 | 1007 |
| May | 996 | 994 | 997 | 992 |
| Jul | 1010 | 1001 | 1011 | 1004 |
| Sep | 1025 | 1018 | 1024 | 1019 |
| Nov | 1040 | | 1040 | 1026 |
| Jan | 1054 | | 1054 | 1050 |

Turnover:2191 (2525) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan. 21: Comp. daily 62.21 (61.99) 15 day average 62.08 (62.02)
Sterling close: January £580 , March £588

| POTATOES – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 117.0 | 119.0 | 118.8 | 116.0 |
| May | 137.0 | 139.5 | 139.2 | 137.0 |

Turnover 140 (17) lots of 20 tonnes.

| SOYAMEAL – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 129.50 | 129.50 | 129.50 | |
| Jun | 124.00 | | 124.00 | |
| Aug | 125.00 | | 126.00 | |

Turnover 3 (80) lots of 20 tonnes.

| FREIGHT – London FOX | | | $10/index point | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 1532 | 1546 | 1550 | 1530 |
| Feb | 1551 | 1580 | 1575 | 1551 |
| Mar | 1578 | 1592 | 1590 | 1575 |
| Apr | 1584 | 1600 | 1601 | 1585 |
| BFI | 1531 | 1534 | | |

Turnover 253 (214)

| GRAINS – London FOX | | | £/tonne | |
|---|---|---|---|---|
| Wheat | Close | Previous | High/Low | |
| Jan | 125.40 | 125.35 | 125.50 | 125.50 |
| Mar | 128.60 | 127.10 | 127.00 | 126.60 |
| May | 130.35 | 130.75 | 130.75 | 130.25 |
| Barley | Close | Previous | High/Low | |
| Jan | 118.15 | | 118.40 | |
| Mar | 119.45 | 119.90 | 119.70 | |

Turnover: Wheat 225 (294), Barley 12 (62).
Turnover lots of 100 Tonnes.

| PIGS – London FOX | | (Cash Settlement) p/kg | |
|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 112.0 | 110.5 | 111.0 | |
| Mar | 112.0 | 111.0 | 111.5 | 111.0 |
| Apr | 112.0 | 111.0 | 111.5 | 111.0 |
| May | 112.0 | 111.5 | 111.5 | 111.0 |

Turnover:48 (68)lots of 3,250 kg

| BGMI – London FOX | | | | |
|---|---|---|---|---|
| | Close | Prev. | High | Low | Vol |
| Indx | 133.62 | 138.44 | | | |

| LONDON METAL EXCHANGE | | | | | (Prices supplied by Amalgamated Metal Trading) |
|---|---|---|---|---|---|---|
| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
| Aluminium, 99.7% purity ($ per tonne) | | | | | Total daily turnover 21,433 lots | |
| Cash | 1209-10 | 1202.5-3.5 | | 1189-1190 | | |
| 3 months | 1233-34 | 1227-28 | 1237/1210 | 1214.5-15.0 | 1226-30 | 120,660lots |
| Copper, Grade A (£ per tonne) | | | | | Total daily turnover 13,102 lots | |
| Cash | 1189.5-90.5 | 1190-91 | 1189/1186 | 1187-88 | | |
| 3 months | 1215.5-16 | 1216-6.5 | 1219/1215 | 1215-16 | 1220-20.5 | 111,600 lots |
| Lead (£ per tonne) | | | | | Total daily turnover 2,557 lots | |
| Cash | 261-62 | 264.5-5.5 | 261.5 | 261.5-62 | | |
| 3 months | 293-94 | 296.5-7.0 | 295/292 | 293.25-3.50 | 294-95 | 16,554 lots |
| Nickel ($ per tonne) | | | | | Total daily turnover 9,303 lots | |
| Cash | 7850-60 | 7675-85 | | 7850-60 | | |
| 3 months | 7920-25 | 7745-50 | 7940/7790 | 7920-22 | 7905-15 | 20,396 lots |
| Tin ($ per tonne) | | | | | Total daily turnover 815 lots | |
| Cash | 5465-75 | 5455-60 | | 5469-70 | | |
| 3 months | 5532-34 | 5515-16 | 5535/5520 | 5520-25 | 5533-35 | 4,586 lots |
| Zinc, Special High Grade ($ per tonne) | | | | | Total daily turnover 9,817 lots | |
| Cash | 1170.5-72.5 | 1153-55 | 1160 | 1159.5-60 | | |
| 3 months | 1161-62 | 1141-42 | 1160/1142 | 1144-45 | 1159.5-60 | 41,881 lots |

LME Closing £/$ rate:
SPOT: 1.8070 3 months: 1.7795 6 months: 1.7565 9 months: 1.7333

**LONDON BULLION MARKET**
(Prices supplied by N M Rothschild)

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 357.05-357.55 | |
| Opening | 356.85-357.25 | |
| Morning fix | 356.85 | 197.373 |
| Afternoon fix | 356.75 | 197.394 |
| Day's high | 357.80-358.10 | |
| Day's low | 356.30-356.60 | |

| Loco Ldn Mean Gold Lending Rates (Vs US$) | | | |
|---|---|---|---|
| 1 month | 3.44 | 6 months | 3.43 |
| 2 months | 3.44 | 12 months | 3.44 |
| 3 months | 3.44 | | |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 235.30 | 425.50 |
| 3 months | 241.38 | 429.00 |
| 6 months | 247.10 | 433.80 |
| 12 months | 443.95 | 259.10 |

**GOLD COINS**
(Prices supplied by Engelhard Metals)

| | $ price | £ equivalent |
|---|---|---|
| Krugerrand | 356.75-357.75 | 197.50-198.00 |
| Maple leaf | 367.50-368.50 | 203.50-204.00 |
| New Sovereign | 87.50-88.50 | 48.50-49.00 |

**TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Mar | Jun | Mar | Jun |
| 1150 | 84 | 116 | 9 | 22 |
| 1250 | 25 | 57 | 49 | 61 |
| 1350 | 4 | 24 | 127 | 126 |
| Copper (Grade A) | Calls | | Puts | |
| 2050 | 118 | 137 | 4 | 21 |
| 2150 | 44 | 73 | 29 | 55 |
| 2250 | 9 | 33 | 94 | 113 |
| Coffee | Mar | | Mar | |
| 500 | 69 | | 1 | |
| 550 | 27 | | 9 | |
| 600 | 8 | | 38 | |
| Cocoa | Mar | May | Mar | May |
| 700 | 38 | 68 | 8 | 12 |
| 725 | 22 | 51 | 17 | 20 |
| 750 | 12 | 37 | 32 | 31 |
| Brent Crude | Mar | Apr | Mar | Apr |
| 1700 | 81 | 114 | 12 | 46 |
| 1750 | 54 | 78 | 36 | 72 |
| 1800 | 26 | 55 | | |

## New York

| GOLD 100 troy oz.; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 357.9 | [illegible] | 0 | 0 |
| Feb | 358.3 | [illegible] | 358.6 | 357.1 |
| Mar | 359.2 | 359.3 | 358.6 | 358.6 |
| Apr | 360.3 | 360.4 | 360.5 | 359.4 |
| Jun | 362.6 | 362.8 | 362.7 | 361.8 |
| Aug | 364.7 | 364.8 | 364.5 | 364.5 |
| Oct | 366.8 | 366.9 | 366.6 | 366.6 |
| Dec | 369.1 | 369.2 | 0 | 0 |
| Feb | 371.4 | 371.5 | 0 | 0 |

| PLATINUM 50 troy oz; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 345.7 | 344.4 | 0 | 0 |
| Apr | 345.7 | 343.4 | 346.5 | 338.5 |
| Jul | 346.2 | 343.9 | 346.0 | 340.0 |
| Oct | 349.7 | 347.9 | 347.0 | 344.0 |
| Jan | 350.7 | 348.9 | 348.0 | 348.0 |

| SILVER 5,000 troy oz; cents/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 427.3 | 426.3 | 0 | 0 |
| Feb | 427.7 | 426.9 | 0 | 0 |
| Mar | 429.3 | 428.5 | 430.0 | 425.0 |
| May | [illegible] | 431.6 | 433.0 | 429.0 |
| Jul | 435.6 | [illegible] | 436.5 | 432.0 |
| Sep | [illegible] | 438.2 | 439.0 | 435.0 |
| Dec | 444.4 | [illegible] | 445.5 | 442.0 |
| Jan | 446.3 | 445.5 | 0 | 0 |
| Mar | 450.4 | 449.5 | 450.0 | 450.0 |
| May | 454.7 | 453.8 | 0 | 0 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | [illegible] | 96.20 | [illegible] | 96.45 |
| Feb | 97.20 | 96.55 | 97.20 | 96.55 |
| Mar | [illegible] | 96.95 | 97.75 | 96.75 |
| Apr | 97.60 | 97.00 | 97.00 | 97.00 |
| May | 97.65 | [illegible] | 97.75 | 96.90 |
| Jun | 97.75 | 97.25 | 0 | 0 |
| Jul | [illegible] | 97.45 | 98.00 | 97.35 |
| Aug | 97.90 | 97.55 | 0 | 0 |
| Sep | 98.00 | [illegible] | 98.00 | 97.70 |
| Oct | [illegible] | 97.70 | 0 | 0 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Mar | 18.78 | 18.72 | 18.84 | 18.49 |
| Apr | 18.92 | [illegible] | 18.99 | 18.64 |
| Jun | 19.00 | [illegible] | [illegible] | 18.75 |
| Sep | 19.05 | [illegible] | 19.00 | 18.84 |
| Nov | 19.05 | 19.01 | 18.97 | [illegible] |

| HEATING OIL 42,000 US galls, cents/US galls | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Feb | 5245 | 5328 | 5290 | 5205 |
| Mar | 5260 | [illegible] | 5320 | 5235 |
| Apr | 5230 | 5270 | 5240 | 5180 |
| May | 5165 | 5175 | 5170 | 5100 |
| Jun | 5120 | 5150 | 5140 | 5070 |
| Aug | 5205 | 5236 | 5240 | 5185 |
| Sep | 5350 | 5366 | 5390 | 5335 |
| Nov | 5500 | [illegible] | 5540 | [illegible] |

| COCOA 10 tonnes;$/tonnes | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | [illegible] | 1202 | 1216 | [illegible] |
| May | 1227 | 1237 | 1252 | 1221 |
| Jul | 1263 | 1273 | 1288 | 1258 |
| Sep | 1292 | 1302 | 1304 | 1289 |
| Dec | 1330 | 1341 | 1340 | 1327 |
| Mar | 1370 | 1376 | 0 | 0 |
| May | 1391 | 1397 | 0 | 0 |
| Jul | 1411 | 1417 | 0 | 0 |
| Sep | 1441 | 1447 | 0 | 0 |
| Dec | 1471 | 1477 | 0 | 0 |

| COFFEE "C" 37,500lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 78.30 | 78.30 | 78.80 | 78.25 |
| May | 81.00 | 81.05 | 81.55 | 81.00 |
| Jul | 83.70 | [illegible] | 84.15 | 83.70 |
| Sep | 86.40 | 86.50 | 86.80 | 86.40 |
| Dec | 89.55 | 89.80 | [illegible] | 89.80 |
| Mar | 92.50 | 92.65 | 0 | 0 |
| May | 94.75 | 94.90 | 95.00 | 95.00 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 8.62 | 8.41 | 8.62 | 8.39 |
| May | 8.65 | 8.42 | 8.65 | 8.45 |
| Jul | 8.66 | 8.43 | 8.67 | 8.44 |
| Oct | 8.72 | 8.48 | 8.73 | 8.50 |
| Mar | 8.77 | 8.51 | 8.77 | 8.66 |
| May | 8.72 | 8.48 | 0 | 0 |

| COTTON 50,000; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 56.42 | 55.71 | 56.49 | 55.37 |
| May | 58.05 | 57.38 | 58.10 | 57.07 |
| Jul | 59.34 | 58.73 | 59.34 | 58.40 |
| Oct | 61.50 | 61.20 | 61.40 | 61.00 |
| Dec | [illegible] | 62.00 | 62.15 | [illegible] |
| Mar | 63.65 | 63.60 | 63.80 | 63.52 |
| May | 64.40 | 64.40 | 64.50 | 64.35 |
| Jul | 65.00 | [illegible] | 0 | 0 |

| ORANGE JUICE 15,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 143.65 | 141.55 | 144.40 | 141.05 |
| May | 144.10 | 141.80 | 144.50 | 141.40 |
| Jul | 144.25 | 142.00 | 144.80 | 142.25 |
| Sep | 142.25 | 140.15 | 142.50 | 141.00 |
| Nov | 131.75 | 128.60 | 131.75 | [illegible] |
| Jan | 145.05 | 150.15 | [illegible] | 146.50 |
| Mar | 129.50 | 128.60 | 129.30 | 129.30 |
| May | 129.50 | 128.60 | 0 | 0 |

**INDICES**

| REUTERS (Base: September 18 1931 = 100) | | | |
|---|---|---|---|
| Jan.22 | Jan.21 | mnth ago | yr ago |
| 1593.7 | 1601.4 | 1592.3 | 1667.5 |

| DOW JONES (Base: Dec. 31 1974 = 100) | | | | |
|---|---|---|---|---|
| | Jan.21 | Jan.20 | mnth ago | yr ago |
| Spot | 114.86 | 114.77 | 111.65 | 122.72 |
| Futures | 122.51 | 122.64 | 119.26 | 125.43 |

## Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 570/0 | 575/4 | 579/0 | 568/4 |
| Mar | 578/4 | 578/2 | 588/0 | 572/0 |
| May | 584/0 | 586/2 | 590/0 | 580/0 |
| Jul | 593/2 | 595/4 | 599/0 | 589/2 |
| Aug | 597/2 | 598/4 | 602/0 | 593/0 |
| Sep | 600/0 | 601/4 | 605/4 | 596/4 |
| Nov | 608/2 | 610/2 | 613/4 | 603/4 |
| Jan | [illegible] | 618/2 | 622/0 | 613/0 |
| Mar | 628/0 | 628/0 | 626/0 | 624/0 |

| SOYABEAN OIL 60,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | [illegible] | 19.45 | 19.56 | 19.30 |
| Mar | 19.50 | 19.65 | 19.78 | 19.41 |
| May | 19.80 | 19.91 | 20.08 | 19.70 |
| Jul | 20.10 | 20.20 | 20.34 | 20.01 |
| Aug | 20.27 | 20.35 | 20.48 | 20.20 |
| Sep | 20.40 | 20.42 | 20.66 | 20.35 |
| Oct | 20.50 | 20.45 | 20.65 | 20.45 |
| Dec | 20.81 | 20.85 | [illegible] | 20.75 |
| Jan | 20.85 | 20.90 | 0 | 0 |
| Mar | 21.00 | 21.00 | 0 | 0 |

| SOYABEAN MEAL 100 tons; $/ton | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 178.0 | 179.4 | 179.8 | 175.9 |
| Mar | 176.6 | 177.1 | 178.2 | 175.2 |
| May | 177.8 | 178.3 | 179.2 | [illegible] |
| Jul | 179.5 | [illegible] | 181.0 | 178.0 |
| Aug | 180.9 | 181.5 | 182.0 | 179.8 |
| Sep | 181.6 | 182.4 | 182.8 | 180.2 |
| Oct | 186.2 | 187.5 | 186.0 | 185.0 |
| Dec | 197.9 | 199.5 | [illegible] | 196.9 |
| Mar | 199.5 | 200.0 | 0 | 0 |

| MAIZE 5,000 bu min; cents/56lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 260/6 | [illegible] | 261/0 | 259/2 |
| May | 266/6 | 266/0 | 267/2 | 265/4 |
| Jul | [illegible] | 270/4 | 271/4 | 269/4 |
| Sep | 267/2 | 267/2 | 267/6 | 266/2 |
| Dec | 264/2 | 264/0 | 265/2 | 263/0 |
| Mar | 270/6 | 270/4 | 271/4 | 269/4 |
| May | 275/0 | 275/0 | 275/0 | 274/4 |

| WHEAT 5,000 bu min; cents/60lb-bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 427/2 | 424/0 | 428/0 | 424/2 |
| May | 409/4 | 408/6 | 411/4 | 408/0 |
| Jul | 379/2 | 381/0 | 382/0 | 378/2 |
| Sep | 382/0 | 383/4 | 385/4 | 382/0 |
| Dec | 392/0 | 393/4 | 395/4 | 391/0 |
| Mar | 393/0 | 395/0 | 394/4 | 393/0 |

| LIVE CATTLE 40,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 74.77 | 74.97 | [illegible] | 74.22 |
| Apr | 75.70 | 75.50 | 75.75 | 75.30 |
| Jun | 70.75 | 70.45 | 70.80 | 70.47 |
| Aug | 67.90 | 67.35 | 68.10 | 67.70 |
| Oct | 68.32 | 68.40 | 68.40 | 67.90 |
| Dec | 69.10 | 69.40 | 69.20 | 68.85 |
| Feb | 68.75 | 68.85 | 69.00 | 68.75 |

| LIVE HOGS 40,000 lb; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 40.80 | 40.40 | 40.95 | 40.30 |
| Apr | 39.72 | 39.35 | 39.97 | 39.35 |
| Jun | 43.57 | 43.22 | 43.70 | 43.30 |
| Jul | 44.20 | 43.87 | 44.35 | 44.00 |
| Aug | 42.62 | 42.57 | 42.90 | 42.42 |
| Oct | 40.35 | 40.20 | 40.35 | 40.05 |
| Dec | 43.02 | 42.97 | 43.20 | 42.95 |
| Feb | 44.65 | 44.45 | 44.65 | 44.50 |

| PORK BELLIES 40,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 33.72 | 33.25 | 33.95 | 33.25 |
| Mar | 34.17 | [illegible] | 34.40 | 33.65 |
| May | 35.27 | 35.22 | 35.60 | 35.10 |
| Jul | 36.07 | 35.90 | 36.45 | 35.95 |

هكذا من الأصل

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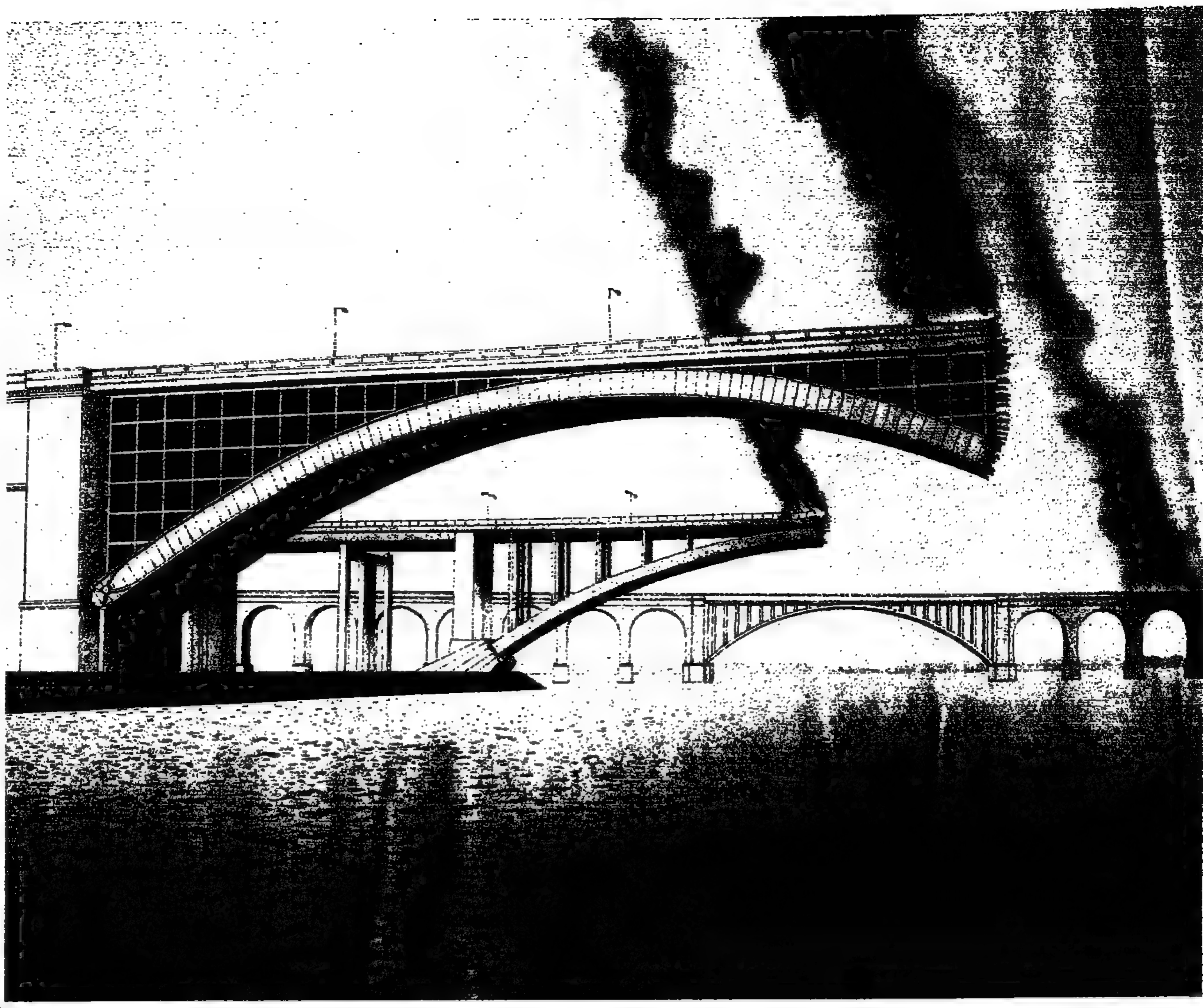


# THEY SAY THAT HE WHO HESITATES IS LOST. THEY'RE RIGHT.

For those who are planning a management buy-out, the bridge to independence may seem long and risky. But at 3i, we believe that there may never be a better time to cross than now.

After forty five years of experience, we know how to read the signs. Currently, there are excellent opportunities for managers with enough skill, experience and determination to make the break and go for it now. Because if they complete a management buy-out when the market is low, they have the most to gain when it recovers.

Of course there are always risks, which is why the choice of an experienced partner is so important. After providing investment capital for over 1,000 management buy-outs our track record is unrivalled. We can provide the capital and contacts you'll need to reach the other side and once you're there we can – if you wish – remain at hand to help you achieve the growth you want.

But the opportunities won't be around for ever. So don't watch your bridges burn, give your local 3i office a call. Without hesitation.

## LONDON STOCK EXCHANGE

# Late sell programme upsets equities

By Steve Thompson

A late "sell" programme from one of the big UK investment houses and a flurry of selling by nervous investors as news filtered into the market that the UK budget will be announced on March 10 took their toll of a London equity market regarded as ripe for a bout of profit-taking.

The FT-SE 100 share index ended a relatively dull trading session only 5 points off the day's low, closing a net 21.4 down at 2,522. At its best level the index showed a fall of only 4.2, at 2,539.2. It reached its lowest level during the late afternoon when it showed a loss of just over 26 points at 2,517.0.

Marketmakers movwed quickly to lower their opening quotations for leading blue chips at the outset of trading,

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Jan 13 | Jan 27 | Feb 10 |
| Option Declarations: | | |
| Jan 23 | Feb 6 | Feb 20 |
| Last Dealings: | | |
| Jan 24 | Feb 7 | Feb 21 |
| Account Day: | | |
| Feb 3 | Feb 17 | Mar 2 |

*New-time dealings may take place from 8.30 am two business days earlier.

seeking to head off selling by arbitrageurs acting for US institutions. There was a flurry of US-sourced selling first thing, reflecting the widepread and often substantial losses among blue chips on Wall Street overnight which saw the US market retreat over 30 points.

After the initial bout of weakness, however, institutions began to nibble at a number of leading stocks, taking advantage of what were described as generous quotations. Marketmakers kept one eye on the Footsie Future as well as the Seaq screens and moved quickly in mid-morning to follow a sharp rally in the derivatives market.

Activity tended to wilt over the lunchtime period but then accelerated to accommodate the opening of Wall Street. The latter's overnight fall, which caused widepread dismay among some London brokers, was followed up yesterday by a neutral opening.

The lack of direction from America left London to its own devices and a decline in the Future, coupled with a late trading programme said to have been heavily weighted on the sell side, triggered a late plunge in the Footsie.

The sell programme included big lines of blue chip stocks, while there were hints that Hoare Govett, one of the leading UK brokerages, had placed a substantial block of shares in Hillsdown, the food group.

Property shares fell heavily after news that merger talks between Rosehaugh and Stanhope had come to nothing, and reports that there had been considerable shareholder opposition at the annual meeting of MEPC to the group's dividend policy.

Drug shares, among the market's smost volatile issues, were mixed, with the leaders tending to lose ground on profit-taking. Wellcome, however, gave one of the best individual performances among the Footsie constituents, after suggestions that one of the top UK broking houses had lifted their its profits forecasts.

Telecom shares remained sharply in focus with BT, formerly British Telecom, suffering from worries about the consultative document on pricing due to be published at the end of the month by Oftel, the telecoms watchdog. Cable & Wireless, heavily traded recently as stories of a link with AT & T have done the rounds of the market, fell further. Vodafone, the UK's leading cellular telephones group, fell heavily after a series of profits downgrades by analysts.

Turnover in equities was again disappointing, reaching only 515.6m shares, compared with Tuesday's programme-boosted 619.4m and Monday's 418.2.

## Vodafone hit by revisions

VODAFONE, the UK's biggest cellular radio group was yesterday hit by a number of downgrades as the company completed a series of meetings with analysts. Attention focused on Vodafone's non-core businesses, in particular its partly owned Orbital manufacturing subsidiary. According to one analyst, Orbital is looking at losses of £5m this year. Another subsidiary, Vodata, which produces value added telecom services, is also not performing as well as thought.

For the year 1992-93 County NatWest is now predicting profits of £29m, down £20m. Kleinwort Benson forecasts £300m, down £25m, while Hoare Govett, in its second downgrade in three weeks, puts profits at £290m, a reduction of £30m from its original figure.

However analysts remain supportive of the company. Mr James Dodd at Kleinwort said: "The outlook on products and on the non-network business is prudent, but the cellular side seems to be holding up well." Mr Paul Morris at BZW, which turned cautious on Vodafone recently, said: "The latest series of downgrades are really just points of detail against the fundamentals of the business, which remain solid." But Hoare expressed worries over cellular subscriber rates. Vodafone lost 8 to 348p in heavy turnover of 4.2m.

### Cadbury wanted

Confectionery and soft drinks group Cadbury Schweppes was firm yesterday after two securities houses registered their enthusiasm for the company.

Hoare Govett, broker to the company, reiterated its buy stance on the shares. The house's foods team underlined its confidence that Cadbury would still match its forecast for 1991 profits of £315m when the company announces full-year results on March 4. This compares with a 1990 figure of £279m. Hoare has maintained its estimate in spite of a fall in soft drink volumes, flat confectionery sales and poor general trading conditions. It argues that Cadbury represents a flight to quality.

Also, S.G. Warburg was said to have sent a note to clients highlighting the value of Cadbury's brands. The shares were ahead 5 at one stage but eased with a weak market to end 3 up at 445p.

Another weak performance by crude oil prices – February Brent slipped 10 cents more to around $17.70 a barrel – kept the oil sector on the back foot. Profits downgrades by a number of the City's top broking firms caused a bout of weakness in BP and Shell. BP were 7 weaker at 286p on 4.4m shares traded and Shell 5 easier at 493p on 3.2m.

British Gas, still sustained by suggestions that the group may be considering a hive-off of its industrial gas marketing operations, closed only marginally down at 245p; turnover in the stock reached a heavy 10m shares.

Lasmo, given a strong boost in recent sessions by a number of broker buy notes, retreated after a firm opening and closed slightly easier on balance at 254p, with volume reaching 5.4m, its heaviest for many weeks. A mid-morning decline in the shares followed a bearish note issued by Strauss Turnbull, who said the group had adopted a change in accounting policy which could affect the dividend policy. Strauss also mentioned the high level of capital expenditure and said Lasmo had agreed to take on an environmental indemnity claim referring to Ultramar's refinery business.

High drama at MEPC's annual meeting yesterday left the property group 17 weaker at 381p. The board's decision to pay an increased final dividend was challenged by associates of Mr Harry Hyams, a significant minority shareholder. A vote was taken, and the dividend passed with ease, but it unsettled the market in brisk turnover of close to 1m shares.

There was also talk that MEPC was on the verge of successfully letting its Alban Gate office development in the City, but the company denied this to analysts.

The sharp fall in MEPC pulled down the rest of the property sector. British Land slipped 6 to 257p, Hammerson ordinary 7 to 528p and Land Securities slipped 9 to 464p.

Merger talks between Rosehaugh and Stanhope – which have been under way since the summer – were finally called off yesterday, a move one analyst described as "a disaster for both companies". The merger had been seen by some in the market as the first of many such moves to rationalise the depressed and crowded property sector. Rosehaugh lost 1¼ to 5¼p, while Stanhope eased 1½ to 23½p.

In the financial sector, Union Discount fell 24 to 150p, compared with a 1991/92 high of 600p. Union's annual results early next month are expected to suffer from fears that the company's leasing subsidiary has been hit badly by the recession and from the general malaise affecting the discount house sector at present.

Discount houses are particularly sensitive to interest rate movements, benefitting from lower rates but faced recently with a a firming of money market rates, following higher rates in Germany. Sterling's membership of the European exchange rate mechanism also means that the potential for volatility in rate movements has been severely restricted.

Lep Group, the security and freight forwarding company in which ADT has a 27 per cent stake, halved in price to 8½p as the company announced "very substantial write-offs and provisions" to cover its US property portfolio. Lep said it was undergoing a restructuring which would "likely include a partial conversion of debt into equity". The group was also reviewing the proposed sale of the National Guardian Corporation, its US security business. ADT dropped 15 to 423p.

Construction equipment suppliers BM Group fell 18 to 382p after announcing a £80m rights issue to repay the debt of its latest acquistion, Thomas Robinson, and to cover the cost of another company it is negotiating to buy in Canada. Thomas Robinson jumped 11½ to 24p.

Reports that Cable and Wireless had suspended talks with AT&T, of the US, over a possible alliance left the telecoms group off 10 at 579p after moderate volume of 2.1m.

BT, which slipped under the flotation offer price on Tuesday for the first time, eased further, also on regulatory worries. Both the old and the new shares were off a penny at 315p and 108½p respectively. Sentiment remains bearish on the group, with individual investors joining institutional investors in becoming sellers.

Pharmaceuticals were weak on the back of a depressed Wall Street, but the price of Wellcome was marked up as analysts were enthusiastic after meetings with the company. The shares rose 22 to 1077p on desultory turnover.

Glaxo fell 16 to 843p. It was announced that more than 25 per cent of Glaxo's shares are now held in the US in the form of American Depositary Receipts, against some 22 per cent in September.

A confident presentation to analysts from Fisons failed to translate into the share price, which declined 6 to 352p.

Food company Hillsdown Holdings fell 7 to 153p as securities house Hoare Govett placed 6.5m shares with clients at 150½p.

Photocopier group Southern Business was active after a broker placed just under 6m of its shares in the market. The stock shed 3 to 90p on turnover of 12m.

Further weakness in Meyer International left the builders merchant 10 lower at 391p as Hoare Govett downgraded its forecast. The broker is now looking for profits of £26m this year, down £4m.

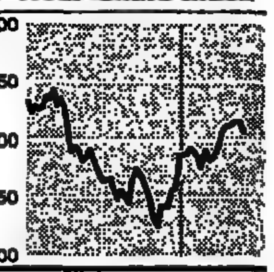
Public houses and hotels group Greenalls saw its "A" non-voting shares surge ahead 36 before ending a net 26 ahead at 207p. The company announced that it was to abolish its two-tier share structure. Under the changes, "A" shareholders will receive one ordinary for every two "A" shares held.

There was strong speculation that the enfranchisement will pave the way for an acquisition and Boddington Group was seen as the target. There has been heavy turnover in Boddington shares recently, and yesterday it was announced that Scottish Amicable Investment Managers had disposed of just over 2m shares, 1.92 per cent of the company's equity. One leading integrated securities house has been a keen buyer, and Boddingtons yesterday gained 4 to 179p. Greene King, also affected by the bid talk, advanced 7 to 475p.

**MARKET REPORTERS:**
Peter John,
Christopher Price,
Steve Thompson.

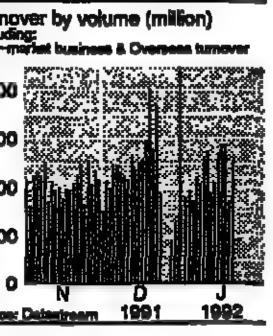
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 32.

**FT-A All-Share Index**



**Equity Shares Traded**

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

## NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (86).
BRITISH FUNDS (1) Tr. 8pc 1992, BANKS (1) Allied Irish, BREWERS & DISTILLERS (3) Boddington, Greenalls, Do. 5.5pc Prf., BUILDING MATERIALS (1) Tilon, BUSINESS SERVICES (1) RCO, CHEMICALS (1) Physu, ELECTRICALS (1) Chemring, ELECTRONICS (3) Elect. Data Proc., MTL Instrs., Sage, Telemetrix, FOOD RETAILING (1) Park, HEALTH & HOUSEHOLD (3) Salon Healthcare, Smith & Nephew, HOTELS & LEISURE (3) Photo-Me, Tanjong, INSURANCE BROKERS (1) Lloyd Thompson, INVESTMENT TRUSTS (3) Templeton Emrg. Mkts., Do. Wrrnts., Do. 1pc Ln. 2001, MEDIA (3) Central TV, Scottish TV, MISCELLANEOUS (1) Platignum, OIL & GAS (2) Sidlaw, Total B, OTHER FINANCIAL (1) Templeton Galbraith, OTHER INDUSTRIAL MATERIALS (3) Harris (PH), Scapa, PACKAGING, PAPER & PRINTING (2) CMS Packaging, Greycliff (J), STORES (1) Brit. Mohair, Campari Intl., MINES (1) GM Kalgoorlie.
NEW LOWS (16).
BUILDING MATERIALS (2) Blockleys, Starmin, CHEMICALS (1) Anglo Utd., CONGLOMERATES (2) Mervilla, Porter Chadburn, CONTRACTING & CONSTRUCTION (3) Barla, Laing (J) A NV, McAlpine (A), ELECTRICALS (1) Kembrey, ELECTRICITY (1) Scottish Power, ELECTRONICS (3) Newmark (L), P-E Intl., Vtech, ENGINEERING GENERAL (1) Jones & Shipman, FOOD MANUFACTURING (1) RHM, FOOD RETAILING (1) Ashley, HOTELS & LEISURE (1) Kunick, INSURANCE BROKERS (1) PWS, INVESTMENT TRUSTS (3) Gartmore Scotland, I & S UK Smllr. Co's Wrrnts., MEDIA (3) Shandwick, Southern Radio, MERCHANT BANKS (1) Brown Shipley, MISCELLANEOUS (3) Cresta, Perth, RPS, OIL & GAS (4) Bow Valley, Edinburgh Oil, Hardy Oil, Sceptre Res., OTHER FINANCIAL (3) Union Discount, Schroder Japanese Wrrnts., PACKAGING, PAPER & PRINTING (1) Continuous Stationery, PROPERTY (4) City Site Ests., Rosehaugh, Union Ests., Waterglade 7.7pc Prf., STORES (5) Austin Reed, Dumas, French Connection, Ratners 6⅞pc Prf., TEXTILES (3) Abacus, Marlowe, Lister, Vival, TRANSPORT (1) All Nippon Airways.

## FINANCIAL TIMES STOCK INDICES

| | Jan 22 | Jan 21 | Jan 20 | Jan 17 | Jan 16 | Year Ago | 1991/92 High | 1991/92 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 87.70 | 87.86 | 87.82 | 87.74 | 87.60 | 84.22 | 87.94 (18/9/91) | 82.17 (2/1/91) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 100.00 | 100.14 | 100.08 | 99.90 | 99.77 | 91.58 | 100.14 (21/1/92) | 90.59 (2/1/91) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share ● | 1961.8 | 1974.1 | 1971.9 | 1966.8 | 1958.3 | 1642.4 | 2108.3 (2/9/91) | 1600.3 (16/1/91) | 2108.3 (2/9/91) | 49.4 (26/6/40) |
| Gold Mines | 156.3 | 160.6 | 158.2 | 159.2 | 158.0 | 151.2 | 222.8 (11/7/91) | 127.0 (22/2/91) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2522.0 | 2543.4 | 2544.9 | 2538.7 | 2541.6 | 2099.3 | 2679.6 (2/9/91) | 2054.8 (16/1/91) | 2679.6 (2/9/91) | 986.9 (23/7/84) |
| FT-SE Eurotrack 200 | 1166.04 | 1172.88 | 1182.41 | 1171.15 | 1164.75 | 965.63 | 1198.60 (3/9/91) | 938.62 (16/1/91) | 1198.60 (3/9/91) | 938.62 (16/1/91) |
| ●Ord. Div. Yield | 4.68 | 4.65 | 4.66 | 4.67 | 4.67 | 5.83 | | | | |
| ●Earning Yld %(full) | 7.02 | 6.98 | 6.99 | 7.01 | 7.00 | 12.14 | | | | |
| ●P/E Ratio(net)(*) | 17.91 | 18.02 | 17.98 | 17.94 | 17.95 | 9.98 | | | | |
| SEAQ Bargns 4.45pm | 27,489 | 29,816 | 30,102 | 32,267 | 31,789 | 26,093 | | | | |
| Equity Turnover(£m)† | - | 1,110.6 | 779.9 | 1,351.8 | 1,353.4 | 940.86 | | | | |
| Equity Bargains† | - | 38,180 | 30,408 | 35,344 | 31,891 | 28,540 | | | | |
| Shares Traded (ml)† | - | 516.0 | 348.9 | 594.6 | 583.5 | 443.9 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ★ Nil 15.89

Ordinary Share Index, Hourly changes — Day's High 1972.5 — Day's Low 1958.1

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1961.8 | 1963.9 | 1964.6 | 1972.3 | 1971.6 | 1971.9 | 1970.9 | 1967.6 | 1958.4 |

FT-SE 100, Hourly changes — Day's High 2539.2 — Day's Low 2517.0

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2526.9 | 2527.6 | 2529.0 | 2538.7 | 2537.1 | 2535.9 | 2534.9 | 2530.0 | 2517.3 |

FT-SE Eurotrack 200, Hourly changes — Day's High 1173.28 — Day's Low 1167.53

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 1169.39 | 1169.28 | 1172.88 | 1170.47 | 1170.84 | 1169.75 | 1168.85 |

### GILT EDGED ACTIVITY

| Indices* | Jan 21 | Jan 20 |
|---|---|---|
| Gilt Edged Bargains | 73.1 | 67.6 |
| 5–Day average | 82.3 | 82.8 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change | | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

## EQUITY FUTURES AND OPTIONS TRADING

DERIVATIVES markets lacked direction yesterday as dealers began to feel uncertain about the trend on Wall Street, writes Peter John.

On the Liffe, early trading in the March FT-SE future contract helped the underlying cash market to pick up from its weak opening. Volumes were not heavy but a few dealers had been able to leave themselves short overnight. Consequently, they were able to benefit from the impact of the sharp overnight fall on Wall Street and buy back their short positions more cheaply.

In the afternoon, the March contract began to drift off despite the relative firmness in New York. There was some nervousness ahead of the announcement about the budget date and when it came, the date, which was in the middle of market predictions, provided no direction.

The only impetus appeared to come from a large sell order carried out by one securities house. At the official close, March was 2,558, down 19 on the previous day but still at a hefty premium to its estimated fair value of around 20 points.

In LTOM, volumes continued low with the FT-SE option volume of 2,639 contracts particularly poor. Total turnover 22,950 lots was marginally up on the previous day.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRITISH FUNDS - Cont.

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRITISH FUNDS - Cont.

| Index – Linked | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield (1) | Yield (2) |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### OTHER FIXED INTEREST

| | Notes | Price £ | + or - | 1991/92 high | 1991/92 low | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## APPOINTMENTS

# People potential at Laura Ashley

Jim Maxmin, the energetic American chief executive of Laura Ashley, is continuing to make rapid headway in reshaping the company's image.

Yesterday he announced the appointment of Denise Lincoln, 40, as global human resources director with effect from February 3. She becomes the first woman since the late Laura Ashley to sit on the board of the fabrics and fashion group. About 80 per cent of the company's staff are female.

Her brief will be to help co-ordinate company training initiatives in the 27 countries where Laura Ashley trades. Maxmin said: "I think in today's world no company can realise its potential unless its people do. Education and personal development will become one of our competitive weapons for the future."

Resources permitting, Laura Ashley is planning to establish an international training centre at Carno, in Wales, where the company was founded.

Lincoln is currently group management development director at Grand Metropolitan and has had previous management experience in the US.

# Kicking the habit

Alan Dunstan, who has spent 18 years at Abbey National, is kicking the habit to join management consultants Oasis as head of the marketing and sales management division.

Dunstan, who is 43, was sales director at Abbey for the last year, and marketing director for the previous seven. He says that while the building society had been through a vast upheaval during its metamorphosis into a public company, he was worried that it was now entering a period of stagnation – or worse. "People were genuinely concerned about it becoming another TSB."

Unwilling to hang on for several years of potential frustration, he decided to accept the approach from Oasis, an outfit which had impressed him three years ago when he employed it to help Abbey develop its data base. He reckons his experience with Abbey's shift from a product- to a customer-driven business will have all sorts of applications among Oasis' clients, which include other building societies as well as insurance companies.

■ Sir Alistair Frame is to become a public champion of Britain's manufacturing sector, following his appointment as chairman of the National Manufacturing Council of the CBI.

The Council was set up last year to help implement a strategy for strengthening Britain's manufacturing base, following criticism of the CBI for neglecting the needs of the manufacturing sector.

Sir Alistair, who is non-executive chairman of Wellcome, the pharmaceuticals group, was until last year the chairman of RTZ Corporation. He is to become chairman of British Steel in July and will head the CBI body for two years.

■ Salomon Brothers has appointed Steven Tye, currently head of Eurobond trading, as head of the fixed income syndicate, replacing Simon Meadows who left the company earlier this month.

# North South divide

When Michael Cleary and Bob Burns, managers of and shareholders in Kembrey, a Swindon-based electrical components manufacturer, promised institutional investors an exciting time as they introduced the company for a full stock exchange listing in 1990, they had hardly bargained for the excitement they delivered.

In a deal completed at 2.30 am yesterday morning, Cleary, ousted as chief executive in an apparent boardroom coup at the beginning of December, and Burns, who resigned as chairman earlier in the year over strategy differences, clawed their way back into the driving seat of the company the two had originally secured in a management buy-in during 1986. Each had held onto their respective 13 per cent stakes in Kembrey during the upheaval in the hope of making a comeback..

While Cleary is once again chief executive, Burns returns as a director, and a new non-executive chairman will be found shortly.

The seeds of discord had been sown following the reversal of Kembrey at the end of 1989 into Coated Electrodes, then a struggling USM-quoted company. Alan Hinchcliffe, who was operations director of Kembrey but had previously been chief executive of Coated Electrodes in Sheffield, and Robert Jakeways, previously a Coated Electrodes director who had been acting chairman for some months after Burns' departure, resigned yesterday from the Kembrey board. So did David Frith, who had been chairman for exactly seven weeks. Frith has a Sheffield business in the unrelated field of scientific ovens.

While cagey as to the precise details of the upheaval, Cleary acknowledged a "clash of personalities".

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Today on 22.1.92: Pool purchase price £/MWh | Final Prices for Trading on 19.12.91: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

# LONDON SHARE SERVICE

## AMERICANS

## CANADIANS

## BANKS

## BREWERS & DISTILLERS

## BUILDING MATERIALS

## BUILDING MATERIALS - Cont.

## BUSINESS SERVICES

## CHEMICALS

## CONGLOMERATES

## CONTRACTING & CONSTRUCTION

## CONTRACTING & CONSTRUCTION - Cont.

## ELECTRICALS

## ELECTRICITY

## ELECTRONICS

## ENGINEERING AEROSPACE

## ENGINEERING GENERAL

## ENGINEERING - GENERAL - Cont.

## FOOD MANUFACTURING

## FOOD RETAILING

## HEALTH & HOUSEHOLD

## HEALTH & HOUSEHOLD - Cont.

## HOTELS & LEISURE

## INSURANCE BROKERS

## INSURANCE COMPOSITE

## INSURANCE LIFE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

[illegible]

## MEDIA

[illegible]

## MERCHANT BANKS

[illegible]

## METALS & METAL FORMING

[illegible]

## MISCELLANEOUS

[illegible]

## MISCELLANEOUS - Cont.

[illegible]

## MOTORS

[illegible]

## OIL & GAS

[illegible]

## OIL & GAS - Cont.

[illegible]

## OTHER FINANCIAL

[illegible]

## OTHER INDUSTRIAL MATERIALS

[illegible]

## PACKAGING, PAPER & PRINTING

[illegible]

## PACKAGING, PAPER & PRINTING - Cont.

[illegible]

## PROPERTY

[illegible]

## STORES

[illegible]

## STORES - Cont.

[illegible]

## TELEPHONE NETWORKS

[illegible]

## TEXTILES

[illegible]

## TRANSPORT

[illegible]

## WATER

[illegible]

## SOUTH AFRICANS

[illegible]

## PLANTATIONS

[illegible]

## MINES

[illegible]

## MINES - Cont.

[illegible]

## GUIDE TO LONDON SHARE SERVICE

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of [illegible] a year for each security shown, subject to the Editor's discretion.

**London Share Prices**

London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.
To obtain your free share Code Booklet ring (071 925-2128)

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

## AUTHORISED UNIT TRUSTS

MW Investment Managers Ltd (0659)F

Maiden Unit Trust Managers Ltd (1400)F

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** [illegible]

**OFFER PRICE:** [illegible]

**BID PRICE:** [illegible]

**CANCELLATION PRICE:** [illegible]

**TIME:** [illegible]

**HISTORIC PRICING:** [illegible]

**FORWARD PRICING:** [illegible]

**SCHEME PARTICULARS AND REPORTS:** [illegible]

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

هكذا في الأصل

# FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

[illegible]

**Funds in Court***

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Capital Jan 16 | 495.45 | 499.11 | – | 2.83 |
| Gross Jan 16 | 170.31 | 171.68xd | – | 11.36 |
| High Yield Jan 16 | 280.23 | 282.47 | – | 7.79 |

* Restricted to monies under Court control

**Henderson Unit Trust Management Ltd**

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Pensions Mngd | 52.85 | 53.96 | –0.05 | 4.28 |

**INVESCO MIM Management Ltd**

Exempt Funds

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Intl Mngd P'Folio | 1173.0 | 1246.0xd | – | – |
| Mngd Pens (Acc) | 66.7 | 71.1 | – | – |

**Lazard Brothers & Co. Ltd**

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Property Sept 5 | £2468.0 | 2680.0 | – | 7.00 |
| Inc Gth Prp Jul 31 | £1375.0 | 1460.9 | – | 8.90 |

**Lazard Investors Ltd ##**

Exempt Funds

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Small Co's Jan 22 | £3830.1 | 3998.2 | +41.90 | 3.97 |
| European Jan 22 | £569.7 | 575.8 | +5.30 | 1.52 |
| American Jan 22 | £360.7 | 364.1 | –7.50 | 2.23 |
| Japan Jan 15 | £470.4 | 475.7 | –4.9 | 1.37 |
| Pacific Jan 22 | £140.2 | 144 | +0.50 | 1.92 |
| W Midlands Sep 30 | £156.50 | 152.30 | – | 2.48 |

**Local Authorities Mutual Invest. Tst.***

2 Fore Street, London EC2Y 5AQ 071-588 1815

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Property Dec 31 | 196.75 | 200.75 | – | 7.88 |
| Equity Dec 31 | 845.45 | 857.30 | – | 3.99 |

* Available only to Local Authorities

**M & G Securities Ltd**

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Charibond Jan 20 | | 105.62 | – | 10.21 |
| (Accum Units) | | 623.29 | – | 10.21 |
| NAACIF Jan 14 | | 41.19 | +0.9 | 9.54 |

**Morgan Grenfell Investment Funds Ltd**

Exempt Funds

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| UK Equity † Jan 21 | 126.9 | 136.3 | – | 1.99 |
| UK Small Co † Jan 21 | 516.0 | 547.8 | – | 3.55 |
| Fixed Interest † Jan 21 | 111.3 | 117.1 | – | 8.54 |
| US Small Co Jan 21 | 181.8 | 194.4 | – | 0.00 |
| Managed Jan 21 | 108.0 | 115.5 | – | 3.42 |
| Intl Bond Jan 21 | 121.4 | 128.1 | – | 10.02 |
| Japan Jan 21 | 69.28 | 73.88 | – | 3.97 |
| European Jan 21 | 89.29 | 95.54 | – | 1.79 |
| Nth American Jan 21 | 119.9 | 128.7 | – | 1.25 |

**Murray Johnstone UT Mngmt**

[illegible]

**Allied Dunbar Assurance Plc**

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514

Life Funds

| | Bid Price | Offer Price | + or – | Yield Gros |
|---|---|---|---|---|
| Fixed Int. Dep Acc | 328.5 | 345.8 | +0.1 | |
| Equity Acc | 1030.2 | 1084.5 | –1.9 | |
| Property Acc | 490.0 | 515.8 | +0.2 | |
| Far East Acc | 198.6 | 209.1 | +1.4 | |
| European Acc | 26.4 | 27.8 | –0.1 | |
| Managed Cap | 421.5 | 443.7 | –0.8 | |
| Managed Acc | 807.1 | 849.6 | –1.5 | |
| O'seas Earnings Acc | 721.2 | 759.2 | –2.5 | |
| Gilt Edged Acc | 379.1 | 399.1 | [illegible] | |
| American Equity Acc | 557.3 | 586.7 | [illegible] | |
| American Man Acc | 247.0 | 260.0 | [illegible] | |
| American Prop Acc | 121.4 | 127.8 | [illegible] | |
| High Income Acc | 23.9 | 25.2 | [illegible] | |

[illegible]

## INSURANCES

[illegible]

## OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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## N & P Life Assurance Ltd

6-7 Bedford Row, London, WC1R 4UJ 071-430 2340

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Life Managed Fd | 109.7 | 115.5 | — | – |
| Pension Managed Fd | 109.0 | 114.7 | — | – |
| Life Deposit Fd | 112.0 | 117.9 | — | – |
| Pension Deposit Fd | 119.3 | 125.6 | — | – |

For National Fin see Target Life

## National Mutual Life

The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

Harvester Pension Funds

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 172.3 | 181.4 | +2.1 | – |
| UK Equity | 182.1 | 191.7 | +4.0 | – |
| Overseas Equity | 137.2 | 144.5 | -0.4 | – |
| Fixed Interest | 160.5 | 169.0 | +1.6 | – |
| Property | 130.9 | 137.8 | +3.7 | – |
| Index Linked | 154.2 | 162.4 | +1.0 | – |
| Deposit | 166.8 | 175.6 | +0.3 | – |
| With Profits (B) | 136.3 | 143.5 | +0.2 | – |

## National Provident Institution

48 Gracechurch St, London EC3P 3HH 071-623 4200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 356.1 | 374.9 | -0.5 | – |
| UK Equity | 446.2 | 469.7 | -0.2 | – |
| Overseas Eq | 342.9 | 361.0 | -1.2 | – |
| American | 297.2 | 312.9 | -4.5 | – |
| Far East | 353.0 | 371.6 | +5.2 | – |
| Property | 195.0 | 205.3 | +0.6 | – |
| Fixed Int | 277.6 | 292.3 | -0.3 | – |
| Indexed Gilt | 163.4 | 172.0 | -0.3 | – |
| Deposit | 190.4 | 200.5 | +0.1 | – |
| With Profit | 106.7 | 112.3 | — | – |
| **Pension Fund (Accum Units)** | | | | |
| Managed | 515.4 | 542.6 | -0.8 | – |
| UK Equity | 602.7 | 634.5 | -0.6 | – |
| Overseas Eq | 582.8 | 613.5 | -1.4 | – |
| American | 389.1 | 409.6 | -3.7 | – |
| Far East | 584.6 | 615.4 | +6.2 | – |
| Property | 250.0 | 263.2 | +0.5 | – |
| Fixed Int | 348.6 | 367.0 | -0.2 | – |
| Indexed Gilt | 177.9 | 187.3 | -0.3 | – |
| Deposit | 279.4 | 294.7 | (z) | – |
| **NPI Pensions Management Ltd** | | | | |
| Managed Fund | 1078.5 | 1097.8 | — | – |

Prices January 2 Next dealing February 3

## Providence Capital Life Assc. Co Ltd

2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity Acc | 219.8 | 231.9 | — | – |
| UK Fixed Int Acc | 196.8 | 207.7 | -0.9 | – |
| Intl Equities Acc | 177.3 | 187.1 | -0.2 | – |
| UK Managed Acc | 173.2 | 182.7 | -0.2 | – |
| Property Acc | 225.6 | 238.0 | — | – |
| Money Acc | 135.2 | 142.7 | — | – |
| Special Market Acc | 152.6 | 161.0 | -1.0 | – |
| Japan Equity Acc | 94.3 | 99.5 | +2.2 | – |
| North American Acc | 106.9 | 112.8 | -3.0 | – |
| Pacific Acc | 93.8 | 99.0 | +0.4 | – |
| Technology Acc | 139.0 | 146.7 | -3.6 | – |
| Nat Resources Acc | 57.9 | 61.1 | -0.3 | – |
| European Acc | 101.9 | 107.5 | -0.5 | – |
| Residential Prop Acc | 85.0 | 89.7 | — | – |
| Swiss Equities Acc | 33.8 | 35.7 | -0.1 | – |
| Hong Kong Acc | 72.1 | 76.1 | — | – |
| UK High Inc Eq Acc | 70.6 | 74.5 | -0.1 | – |
| Int Fixed Interest Acc | 62.2 | 65.7 | — | – |
| Int Managed Acc | 57.6 | 60.7 | — | – |
| HIP Managed Acc | 117.4 | 123.8 | -0.7 | – |
| HIP Managed II Acc | 103.6 | 109.2 | -0.6 | – |
| HIP Managed III Acc | 111.7 | 117.8 | -0.4 | – |
| **Total Investment Bond** | | | | |
| UK Equity Initial | | 148.8 | — | – |
| UK Fixed Int Initial | | 133.5 | -0.6 | – |
| Intl Equities Initial | | 119.3 | -0.1 | – |
| UK Managed Initial | | 117.4 | -0.2 | – |
| Property Initial | | 154.0 | — | – |
| Money Initial | | 92.1 | — | – |
| Special Market Initial | | 118.0 | -0.7 | – |
| Japan Equity Initial | | 72.9 | +1.7 | – |
| North American Initial | | 82.6 | -2.2 | – |
| Pacific Initial | | 72.5 | +0.3 | – |
| Technology Initial | | 107.5 | -2.6 | – |
| Nat Resources Initial | | 44.7 | -0.2 | – |
| European Initial | | 91.0 | -0.4 | – |
| Residential Prop Init | | 80.8 | — | – |
| Swiss Equities Initial | | 32.1 | -0.2 | – |
| Hong Kong Initial | | 68.6 | +0.1 | – |
| UK High Inc Eq Init | | 67.2 | — | – |
| Int Fixed Interest Init | | 60.0 | — | – |
| Int Managed Init | | 55.6 | — | – |
| HIP Managed Init | | 113.6 | -0.7 | – |
| HIP Managed II Initial | | 101.6 | -0.5 | – |
| HIP Managed III Init | | 110.7 | -0.4 | – |
| **Broker Funds** | | | | |
| High Performance | 75.7 | 79.8 | -0.2 | – |
| Towerhill Mngd Fd Acc | 41.5 | 43.7 | -0.8 | – |

## Norwich Union Asset Management Ltd

[illegible]

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MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar confined to tight range

Fears of central bank intervention to cap any rise in the dollar continued to dominate the foreign exchange markets yesterday, confining the US currency to a tight range, *writes Simon London.*

Trading was nervous overnight in Tokyo, although intervention by the Bank of Japan and US Federal Reserve rumoured late on Tuesday, failed to materialise. The US currency fell sharply against the yen in London late on Tuesday when the US authorities were reported to be preparing the ground for intervention.

However, reports that the Bank of Japan was checking rates, matching action by the Federal Reserve in New York, sent the dollar to Y123.15, its low of the session.

The dollar close in Tokyo at Y123.34 and DM1.5878, from a close in New York of Y123.60 and DM1.5865. The slight weakness of the yen was blamed on a sharp fall in some Japanese money market interest rates.

For example, three-month certificates of deposit traded down to 4.95 per cent from 5.30 per cent on Tuesday.

In Europe, the major currencies were again tied within very tight trading ranges. The threat of intervention and caution ahead of this weekend's meeting of G7 finance ministers and central bankers were blamed for the generally featureless trade.

After peaking at Y123.64 and DM1.5905 very early in the European session, the US currency fell back until US housing construction data prompted a mild recovery.

Figures for December showed a 0.2 per cent decrease in new houising starts over November, for a seasonally adjusted rate of growth of 2.6 per cent, seen by most analysts as a positive indicator of economic activity.

The dollar responded with a firmer tone, rising back to Y123.45 and DM1.5885. The US currency closed in London at Y123.20 from Y123.10 on Tuesday, and DM1.5875 from DM1.5930.

Within the European exchange rate mechanism, the D-Mark weakened following the collapse of pay negotiations between the steel workers union and employers. The collapse of talks means that the union will now hold a strike ballot in pursuit of its pay claim.

The German currency closed weaker at FFr3.4066, from FFr3.4095 on Tuesday; L752.30 from L752.70; and Pta 63.19 from Pta63.21.

Sterling's gains were greater than other European currencies against the D-Mark, however, rising to a more comfortable level above its permitted floor within the ERM.

The UK currency closed at DM2.8675, from DM2.86 on Tuesday.

Today, German M3 money supply statistics for December are due for release. Broad money growth ran at 5.1 per cent in November, just outside the Bundesbank's 3 per cent to 5 per cent target range. Any acceleration will be taken as a sign that German interest rates must stay high.

### £ IN NEW YORK

| Jan 22 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.8015-1.8025 | 1.8045-1.8055 |
| 1 month | 0.99-0.98pm | 1.02-1.01pm |
| 3 months | 2.83-2.82pm | 2.83-2.80pm |
| 12 months | 9.60-9.50pm | 9.70-9.60pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Jan 22 | Previous |
|---|---|---|
| 8.30 am | 90.7 | 90.6 |
| 9.00 am | 90.7 | 90.6 |
| 10.00 am | 90.7 | 90.7 |
| 11.00 am | 90.7 | 90.6 |
| Noon | 90.7 | 90.6 |
| 1.00 pm | 90.7 | 90.6 |
| 2.00 pm | 90.7 | 90.6 |
| 3.00 pm | 90.7 | 90.6 |
| 4.00 pm | 90.7 | 90.7 |

### CURRENCY MOVEMENTS

| Jan 21 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 90.8 | -20.8 |
| U.S Dollar | 61.8 | -17.3 |
| Canadian Dollar | 102.7 | +1.0 |
| Austrian Schilling | 110.0 | +12.2 |
| Belgian Franc | 111.8 | -1.6 |
| Danish Krone | 109.3 | -3.4 |
| D-Mark | 118.9 | +25.3 |
| Swiss Franc | 109.1 | +17.6 |
| Dutch Guilder | 114.8 | -16.6 |
| French Franc | 103.3 | -12.8 |
| Lira | 99.1 | -19.7 |
| Yen | 146.3 | +83.3 |

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100) **Rates are for Jan 21

### CURRENCY RATES

| Jan 22 | Bank & rate % | Special * Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling | – | 0.781850 | 0.712554 |
| U.S Dollar | 3.50 | 1.40733 | 1.28665 |
| Canadian $ | 7.33 | 1.62364 | 1.48904 |
| Austrian Sch | 7.50 | 19.7607 | 14.3672 |
| Belgian Franc | 8.50 | 46.0177 | 42.0359 |
| Danish Krone | 9.50 | 8.66634 | 7.91169 |
| D-Mark | 8.00 | 2.24033 | 2.04161 |
| Dutch Guilder | 8.50 | 2.51912 | 2.29896 |
| French Franc | 10¼ | 7.63125 | 6.95808 |
| Italian Lira | 12 | 1686.09 | 1536.65 |
| Japanese Yen | 4.50 | 173.524 | 158.852 |
| Norway Krone | 8 | 8.77092 | 8.01607 |
| Spanish Peseta | – | 141.252 | 128.975 |
| Swedish Krona | 10.00 | 8.11015 | 7.42929 |
| Swiss Franc | 7.00 | 1.98504 | 1.80798 |
| Greek Drach | 19 | 255.134 | 235.746 |
| Irish Punt | – | N/A | 0.766417 |

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jan 21

### OTHER CURRENCIES

| Jan 22 | £ | $ |
|---|---|---|
| Argentina | 1.7895 - 1.7920 | 0.9900 - 0.9910 |
| Australia | 2.4020 - 2.4040 | 1.3295 - 1.3305 |
| Brazil | 2212.60 - 2214.20 | 1224.20 - 1224.40 |
| Finland | 7.7875 - 7.8005 | 4.3170 - 4.3200 |
| Greece | 329.350 - 333.600 | 181.900 - 184.810 |
| Hong Kong | 14.0030 - 14.0150 | 7.7560 - 7.7580 |
| Iran | 2500.00* | 1417.00* |
| Korea(Sth) | 1367.00 - 1389.05 | 759.80 - 768.80 |
| Kuwait | 0.51800 - 0.51850 | 0.28690 - 0.28830 |
| Luxembourg | 58.80 - 58.90 | 32.55 - 32.65 |
| Malaysia | 4.8225 - 4.8305 | 2.6740 - 2.6760 |
| Mexico | 5355.30 - 5367.35 | 3061.00 - 3062.00 |
| N Zealand | 3.3305 - 3.3350 | 1.8435 - 1.8460 |
| Saudi Ar | 6.7195 - 6.7965 | 3.7495 - 3.7505 |
| Singapore | 2.9430 - 2.9500 | 1.6310 - 1.6330 |
| S Af (Cm) | 5.0100 - 5.0220 | 2.7800 - 2.7830 |
| S Af (Fn) | 5.7900 - 5.8845 | 3.2050 - 3.2575 |
| Taiwan | 45.50 - 45.60 | 25.20 - 25.25 |
| U.A.E. | 6.5795 - 6.6565 | 3.6715 - 3.6735 |

*Floating rate. Iran Official rate £119.00 $67.00

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Jan 22 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 128.975 | -3.48 | 5.94 | 60 |
| Belgian Franc | 42.4032 | 42.0359 | -0.87 | 3.14 | 39 |
| Dutch Guilder | 2.31643 | 2.29896 | -0.75 | 3.02 | 34 |
| D-Mark | 2.05586 | 2.04161 | -0.69 | 2.96 | 40 |
| Irish Punt | 0.767417 | 0.766417 | -0.13 | 2.38 | 3 |
| Italian Lira | 1538.24 | 1536.65 | -0.10 | 2.35 | 2 |
| Danish Krone | 7.84195 | 7.91169 | 0.89 | 1.34 | -43 |
| French Franc | 6.89509 | 6.95808 | 0.91 | 1.32 | -53 |
| Sterling | 0.696904 | 0.712554 | 2.25 | 0.00 | -44 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

### POUND SPOT - FORWARD AGAINST THE POUND

| Jan 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.8010 - 1.8115 | 1.8065 - 1.8075 | 1.00-0.98cpm | 6.57 | 2.82-2.79pm | 6.21 |
| Canada | 2.0790 - 2.0930 | 2.0890 - 2.0900 | 0.64-0.55cpm | 3.42 | 1.86-1.74pm | 3.45 |
| Netherlands | 3.2225 - 3.2330 | 3.2225 - 3.2325 | ¼-¼cpm | 0.93 | ¾-¼cpm | 0.93 |
| Belgium | 58.80 - 59.15 | 58.80 - 58.90 | 8-3cpm | 1.12 | 20-15pm | 1.19 |
| Denmark | 11.0850 - 11.1270 | 11.0850 - 11.0950 | ¼-par orepm | 0.20 | 1¼-¾pm | 0.45 |
| Ireland | 1.0660 - 1.0835 | 1.0760 - 1.0770 | 0.04-parcpm | 0.22 | 0.12-0.03pm | 0.28 |
| Germany | 2.8645 - 2.8700 | 2.8650 - 2.8700 | ¼-¼pfpm | 1.05 | ¾-½pm | 0.96 |
| Portugal | 245.85 - 247.75 | 246.75 - 247.75 | 89-118cdis | -5.02 | 219-273dis | -3.98 |
| Spain | 180.75 - 181.60 | 180.85 - 181.15 | 29-35cdis | -2.12 | 86-95dis | -2.00 |
| Italy | 2150.20 - 2159.25 | 2155.75 - 2156.75 | 1-3lire dis | -1.11 | 5-7dis | -1.11 |
| Norway | 11.2300 - 11.2735 | 11.2300 - 11.2400 | ¼-¼oredis | -0.20 | ¾-¼pm | 0.11 |
| France | 9.7640 - 9.7840 | 9.7700 - 9.7800 | ¼-¼cpm | 0.46 | 1¼-1pm | 0.49 |
| Sweden | 10.4000 - 10.4325 | 10.4000 - 10.4100 | 1¼-2oredis | -1.16 | 4¼-4¾dis | -1.70 |
| Japan | 222.00 - 223.05 | 222.00 - 223.00 | 1¼-¾ypm | 3.39 | 3¼-2¾pm | 5.39 |
| Austria | 20.13 - 20.20 | 20.17 - 20.20 | 2-¼gropm | 0.85 | 5-3pm | 0.79 |
| Switzerland | 2.5325 - 2.5425 | 2.5325 - 2.5425 | ¾-¼cpm | 2.96 | 1¾-1¼pm | 2.66 |
| Ecu | 1.4015 - 1.4065 | 1.4045 - 1.4055 | 0.04-0.01cpm | 0.21 | 0.06-0.01pm | 0.10 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.33-5.28cpm. 12 Month 9.59-9.49pm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Jan 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8010 - 1.8115 | 1.8065 - 1.8075 | 1.00-0.98cpm | 6.57 | 2.82-2.79pm | 6.21 |
| Ireland† | 1.6750 - 1.6800 | 1.6790 - 1.6800 | 0.94-0.89cpm | 6.54 | 2.64-2.54pm | 6.17 |
| Canada | 1.1520 - 1.1558 | 1.1545 - 1.1555 | 0.29-0.32cdis | -3.17 | 0.79-0.83dis | -3.01 |
| Netherlands | 1.7805 - 1.7905 | 1.7855 - 1.7865 | 0.83-0.86cdis | -5.68 | 2.40-2.44dis | -5.42 |
| Belgium | 32.55 - 32.75 | 32.55 - 32.65 | 14.00-16.00cdis | -5.52 | 42.00-45.00dis | -5.34 |
| Denmark | 6.1350 - 6.1625 | 6.1350 - 6.1400 | 3.15-3.45oredis | -6.45 | 8.85-9.45dis | -5.96 |
| Germany | 1.5805 - 1.5905 | 1.5870 - 1.5880 | 0.73-0.74pfdis | -5.56 | 2.13-2.15dis | -5.39 |
| Portugal | 136.40 - 136.90 | 136.40 - 136.50 | 125-145cdis | -11.65 | 340-370dis | -10.41 |
| Spain | 99.90 - 100.50 | 99.95 - 100.05 | 70-74cdis | -8.64 | 205-215dis | -8.40 |
| Italy | 1189.50 - 1196.00 | 1193.00 - 1193.50 | 7.60-8.10lire dis | -7.89 | 22.10-23.10dis | -7.58 |
| Norway | 6.2150 - 6.2435 | 6.2150 - 6.2200 | 3.20-3.60oredis | -6.56 | 9.55-10.05dis | -6.30 |
| France | 5.3900 - 5.4200 | 5.4075 - 5.4125 | 2.72-2.77cdis | -6.09 | 7.77-7.87dis | -5.78 |
| Sweden | 5.7480 - 5.7840 | 5.7550 - 5.7600 | 4.10-4.35oredis | -8.81 | 11.55-12.00dis | -8.18 |
| Japan | 123.00 - 123.65 | 123.15 - 123.25 | 0.12-0.13ydis | -1.22 | 0.28-0.31dis | -0.96 |
| Austria | 11.1450 - 11.1825 | 11.1450 - 11.1500 | 5.05-5.45grodis | -5.65 | 14.80-16.00dis | -5.53 |
| Switzerland | 1.4010 - 1.4075 | 1.4040 - 1.4050 | 0.42-0.45cdis | -3.72 | 1.24-1.27dis | -3.57 |
| Ecu† | 1.2835 - 1.2895 | 1.2870 - 1.2880 | 0.70-0.67cpm | 6.38 | 1.99-1.93pm | 6.09 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Jan 22 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 10¾ - 10½ | 10¾ - 10½ | 10⅝ - 10½ | 10½ - 10⅜ | 10⅜ - 10¼ | 10⅜ - 10¼ |
| US Dollar | 4¼ - 4⅛ | 4⅛ - 4 | 4⅛ - 4 | 4⅛ - 4 | 4⅛ - 4 | 4¾ - 4⅝ |
| Can. Dollar | 7¼ - 6¾ | 7¼ - 6¾ | 7¼ - 7 | 6⅞ - 6¾ | 6⅞ - 6¾ | 7 - 6⅞ |
| Dutch Guilder | 9¼ - 9⅛ | 9½ - 9⅜ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9½ - 9⅜ |
| Swiss Franc | 8 - 7¾ | 7¾ - 7⅝ | 7¾ - 7⅝ | 7⅞ - 7¾ | 7¾ - 7⅝ | 7½ - 7⅜ |
| D-Mark | 9½ - 9⅜ | 9½ - 9⅜ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9½ - 9⅜ |
| French Franc | 9⅞ - 9⅝ | 9¾ - 9⅝ | 9⅞ - 9¾ | 9⅞ - 9¾ | 9⅞ - 9¾ | 9¾ - 9⅝ |
| Italian Lira | 12 - 10 | 12 - 11½ | 11⅞ - 11½ | 11⅞ - 11½ | 11⅞ - 11½ | 11⅞ - 11½ |
| Belgian Franc | 9⅜ - 9¼ | 9½ - 9⅜ | 9½ - 9⅜ | 9½ - 9⅜ | 9½ - 9⅜ | 9½ - 9⅜ |
| Yen | 5⅝ - 5½ | 5⅝ - 5½ | 5⅝ - 5½ | 5⅛ - 5 | 4⅞ - 4¾ | 4¾ - 4⅝ |
| Danish Krone | 11 - 10¾ | 10¾ - 10½ | 10¾ - 10⅝ | 10⅝ - 10½ | 10⅜ - 9⅞ | 10⅜ - 9⅞ |
| Asian $Sing | 3 - 2¾ | 2¾ - 2⅝ | 2¾ - 2⅝ | 2⅞ - 2¾ | 3⅛ - 2⅞ | 3⅜ - 3¼ |

Long term Eurodollars; two years 5¾-5⅝ per cent; three years 6-5⅞ per cent; four years 6¼-6⅛ per cent; five years 6½-6⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Jan.22 | £ | $ | DM | Yen | F Fr. | S Fr. | N Fl. | Lira | C$ | B Fr. | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.807 | 2.868 | 222.5 | 9.775 | 2.538 | 3.228 | 2156. | 2.090 | 58.85 | 1.405 |
| $ | 0.553 | 1 | 1.587 | 123.1 | 5.410 | 1.405 | 1.786 | 1193 | 1.157 | 32.57 | 0.778 |
| DM | 0.349 | 0.630 | 1 | 77.58 | 3.408 | 0.885 | 1.126 | 751.7 | 0.729 | 20.52 | 0.490 |
| YEN | 4.494 | 8.121 | 12.89 | 1000. | 43.93 | 11.41 | 14.51 | 9690 | 9.393 | 264.5 | 6.315 |
| F Fr. | 1.023 | 1.849 | 2.934 | 227.6 | 10. | 2.596 | 3.302 | 2206 | 2.138 | 60.20 | 1.437 |
| S Fr. | 0.394 | 0.712 | 1.130 | 87.67 | 3.851 | 1 | 1.272 | 849.5 | 0.823 | 23.19 | 0.554 |
| N Fl. | 0.310 | 0.560 | 0.888 | 68.93 | 3.028 | 0.786 | 1 | 667.9 | 0.647 | 18.23 | 0.435 |
| Lira | 0.464 | 0.838 | 1.330 | 103.2 | 4.534 | 1.177 | 1.497 | 1000. | 0.969 | 27.30 | 0.652 |
| C $ | 0.478 | 0.865 | 1.372 | 106.5 | 4.677 | 1.214 | 1.544 | 1032 | 1 | 28.16 | 0.672 |
| B Fr. | 1.699 | 3.071 | 4.873 | 378.1 | 16.61 | 4.313 | 5.485 | 3664 | 3.551 | 100. | 2.387 |
| Ecu | 0.712 | 1.286 | 2.041 | 158.4 | 6.957 | 1.806 | 2.298 | 1535 | 1.488 | 41.89 | 1 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## MONEY MARKETS

# London rates steady

Tight conditions returned to the UK money market yesterday in the face of another substantial liquidity shortage, with overnight money squeezed higher during the day but longer rates holding steady, *writes Simon London.*

The Bank of England forecast a £1.15bn liquidity shortage in early morning, against £750m on Tuesday. The largest factor contributing to the drain on funds was maturing treasury bills and assistance from previous weeks at £947m.

However, there was no early rush for funds from market participants. In early assistance the Bank of England injected a modest £167m, through the outright purchase of band 1 bank bills at 10⅜ per cent and the purchase of paper for resale to the market on February 10 at 10$\frac{7}{16}$ per cent.

Later in the morning a further £116m was added, again through the purchase of band 1 bills and repurchase paper on the same terms.

However, this was not enough to hold the overnight money rate steady. From an opening level of 10¾ - ⅝ per cent, overnight funds traded up to 13 - 12½ per cent by early afternoon.

As liquidity was squeezed operators looked to the authorities for additional assistance.

In early afternoon £337m was injected through the purchase of band 1 band and treasury bills and band 2 bank bills, all at 10⅜ per cent. Late assistance amounted to £485m, bringing the total injection for the day to £1.105bn.

Overnight funds fell back to close at 11- 10¾ per cent, still above Tuesday's closing level.

In Frankfurt, call money continued to trade at around 9.40/9.50 per cent despite a net drain of funds at the Bundesbank's regular repurchase operations. The authorities offered DM9.2bn one-month funds at 9.4 per cent, not fully replacing a DM13.3bn expiring repurchase pact.

In Tokyo, unsecured call money traded slightly lower to 5$\frac{7}{16}$ per cent, from 5$\frac{9}{16}$ per cent on Tuesday, with the Bank of Japan injecting a net Y200bn in its daily operations.

However, *the three-month* certificate of deposit rate collapsed to 4.95 per cent from 5.20 per cent Tuesday and 5.25 per cent on Monday. Analysts said that the fall reflected increased expectations of another cut in interest rates but was exaggerated by easy market conditions, allowed by the authorities in the face of a weak stock market this week.

**UK clearing bank base lending rate**
**10.5 per cent**
**from September 4, 1991**

### FT LONDON INTERBANK FIXING

| 11.00 a.m. Jan.22 | 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|---|
| | bid 4$\frac{1}{16}$ | offer 4$\frac{3}{16}$ | bid 4$\frac{1}{16}$ | offer 4$\frac{3}{16}$ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK**

Lunchtime

| | |
|---|---|
| Prime rate | 6½ |
| Broker loan rate | 6 |
| Fed.funds | 4$\frac{1}{16}$ |
| Fed.funds at intervention | - |

Treasury Bills and Bonds

| | | | |
|---|---|---|---|
| One month | 4.24 | Three year | 5.35 |
| Two month | 3.84 | Five year | 6.20 |
| Three month | 3.86 | Seven year | 6.76 |
| Six month | 3.98 | 10-year | 7.08 |
| One year | 4.10 | 30-year | 7.62 |
| Two year | 4.96 | | |

| Jan.22 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 9.40-9.50 | 9.40-9.50 | 9.40-9.50 | 9.40-9.50 | 9.30-9.40 | 9.75 |
| Paris | 9⅜-9½ | 9⅞-10 | 9$\frac{13}{16}$-9$\frac{15}{16}$ | 9⅝-9¾ | 9$\frac{11}{16}$-9$\frac{13}{16}$ | 9.60 |
| Zurich | 6¾-7¼ | 7½-7¾ | - | 7½-7¾ | - | - |
| Amsterdam | 9.38-9.43 | 9.38-9.48 | - | 9.35-9.43 | - | - |
| Tokyo | 5⅜-5$\frac{7}{16}$ | 5$\frac{11}{16}$-5$\frac{13}{16}$ | - | 5⅛-5¼ | - | - |
| [illegible] | 11¾-12¼ | 12-12¼ | - | 11¾-12 | - | - |
| Brussels | 9.44-9.56 | 9¼-9½ | - | 9¼-9½ | - | - |
| Dublin | 10$\frac{7}{16}$-10$\frac{9}{16}$ | 10$\frac{7}{16}$-10$\frac{9}{16}$ | 10¼-10½ | 10¼-10½ | 10¼-10½ | - |

### LONDON MONEY RATES

| Jan 22 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 13½ | 10¾ | 10¾ | 10⅝ | 10⅜ | 10⅜ |
| Interbank Bid | 10 | 10½ | 10⅝ | 10½ | 10¼ | 10¼ |
| Sterling CDs | – | – | 10$\frac{11}{16}$ | 10$\frac{7}{16}$ | 10$\frac{5}{16}$ | 10¼ |
| Local Authority Deps. | 10¾ | 10¾ | 10⅝ | 10½ | 10⅜ | 10¼ |
| Local Authority Bonds | – | – | – | – | – | – |
| Discount Mkt Deps | 12½ | 10$\frac{7}{16}$ | – | – | – | – |
| Company Deposits | – | – | 10¾ | 10⅝ | 10½ | 10⅜ |
| Finance House Deposits | – | – | 10¾ | 10$\frac{9}{16}$ | 10½ | 10$\frac{7}{16}$ |
| Treasury Bills (Buy) | – | – | 10$\frac{5}{16}$ | 10 | 9¾ | – |
| Bank Bills (Buy) | – | – | 10$\frac{5}{16}$ | 10¼ | 9$\frac{13}{16}$ | – |
| Fine Trade Bills (Buy) | – | – | – | – | – | – |
| Dollar CDs | – | – | 4.08 | 4.08 | 4.10 | 4.35 |
| SDR Linked Dep. Offer | – | – | 6$\frac{11}{16}$ | 6⅝ | 6⅝ | 6⅝ |
| SDR Linked Dep. Bid | – | – | 6$\frac{9}{16}$ | 6½ | 6½ | 6½ |
| ECU Linked Dep. Offer | – | – | 10¾ | 10⅝ | 10⅜ | 9$\frac{15}{16}$ |
| ECU Linked Dep. Bid | – | – | 10¼ | 10⅜ | 10¼ | 9$\frac{13}{16}$ |

Treasury Bills (sell); one-month 10$\frac{1}{16}$ per cent; three months 9⅞ per cent; six months 9⅝ per cent; Bank Bills (sell); one-month 10$\frac{1}{16}$ per cent; three months 10$\frac{1}{16}$ per cent; Treasury Bills; Average tender rate of discount 9.9428 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1991. Agreed rates for period Jan.25, 1991 to February 25, 1992, Scheme I: 11.80 p.c., Schemes II & III: 12.06 p.c. Reference rate for period Nov 30, 1991 to December 31, 1991, Scheme IV&V: 10.812 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from January 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent, one-three months 9½ per cent, three-six months 9 per cent, six-nine months 9 per cent, nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

## FINANCIAL FUTURES AND OPTIONS

**LIFFE LONG GILT FUTURES OPTIONS**
£50,000 64ths of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 94 | 3-58 | 4-14 | 0-06 | 0-53 |
| 95 | 2-25 | 3-31 | 0-11 | 1-43 |
| 96 | 1-38 | 2-54 | 0-24 | 1-26 |
| 97 | 0-61 | 2-20 | 0-47 | 1-56 |
| 98 | 0-33 | 1-52 | 1-19 | 2-24 |
| 99 | 0-17 | 1-25 | 2-03 | 2-61 |
| 100 | 0-08 | 1-05 | 2-58 | 3-41 |
| 101 | 0-04 | 0-52 | 3-54 | 4-24 |

Estimated volume total, Calls 1620 Puts 2613
Previous day's open int. Calls 31398 Puts 25726

**LIFFE US TREASURY BOND FUTURES OPTIONS**
$100,000 64ths of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 99 | 3-58 | 3-52 | 0-08 | 1-06 |
| 100 | 3-02 | 3-13 | 0-16 | 1-28 |
| 101 | 2-15 | 2-57 | 0-29 | 1-55 |
| 102 | 1-36 | 2-04 | 0-50 | 2-22 |
| 103 | 1-03 | 1-41 | 1-17 | 2-59 |
| 104 | 0-41 | 1-29 | 1-54 | 3-36 |
| 105 | 0-23 | 0-63 | 2-37 | 4-17 |
| 106 | 0-13 | 0-47 | 3-27 | 5-01 |

Estimated volume total, Calls 4 Puts 202
Previous day's open int. Calls 2381 Puts 1729

**LIFFE BUND FUTURES OPTIONS**
DM250,000 points of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 8650 | 1.91 | 2.48 | 0.03 | 0.17 |
| 8700 | 1.44 | 2.06 | 0.06 | 0.25 |
| 8750 | 1.02 | 1.67 | 0.14 | 0.36 |
| 8800 | 0.65 | 1.32 | 0.27 | 0.51 |
| 8850 | 0.37 | 1.02 | 0.49 | 0.71 |
| 8900 | 0.20 | 0.77 | 0.82 | 0.96 |
| 8950 | 0.10 | 0.56 | 1.22 | 1.25 |
| 9000 | 0.05 | 0.41 | 1.67 | 1.60 |

Estimated volume total, Calls 11299 Puts 8593
Previous day's open int. Calls 154275 Puts 71913

**LIFFE EUROMARK OPTIONS**
DM1m points of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 8975 | 0.91 | 1.41 | 0 | 0 |
| 9000 | 0.66 | 1.17 | 0 | 0.01 |
| 9025 | 0.42 | 0.93 | 0.01 | 0.02 |
| 9050 | 0.21 | 0.70 | 0.05 | 0.06 |
| 9075 | 0.06 | 0.49 | 0.15 | 0.08 |
| 9100 | 0.02 | 0.32 | 0.36 | 0.15 |
| 9125 | 0.01 | 0.19 | 0.60 | 0.25 |
| 9150 | 0 | 0.11 | 0.84 | 0.45 |

Estimated volume total, Calls 5207 Puts 1653
Previous day's open int. Calls 63220 Puts 31275

**LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS**
Lira 200m 100ths of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 9700 | 1.67 | 2.02 | 0.04 | 0.29 |
| 9750 | 1.22 | 1.64 | 0.09 | 0.41 |
| 9800 | 0.82 | 1.32 | 0.19 | 0.58 |
| 9850 | 0.49 | 1.02 | 0.36 | 0.79 |
| 9900 | 0.27 | 0.77 | 0.64 | 1.04 |
| 9950 | 0.13 | 0.57 | 1.00 | 1.34 |
| 10000 | 0.06 | 0.41 | 1.43 | 1.68 |
| 10050 | 0.03 | 0.28 | 1.90 | 2.05 |

Estimated volume total, Calls 149 Puts 0
Previous day's open int. Calls 4441 Puts 2256

**LIFFE SHORT STERLING OPTIONS**
£500,000 points of 100%

| Strike Price | Calls-settlements Mar | Calls-settlements Jun | Puts-settlements Mar | Puts-settlements Jun |
|---|---|---|---|---|
| 8875 | 0.98 | 1.37 | 0.01 | 0.05 |
| 8900 | 0.74 | 1.14 | 0.02 | 0.07 |
| 8925 | 0.51 | 0.93 | 0.04 | 0.11 |
| 8950 | 0.31 | 0.73 | 0.09 | 0.16 |
| 8975 | 0.17 | 0.56 | 0.20 | 0.24 |
| 9000 | 0.07 | 0.41 | 0.35 | 0.34 |
| 9025 | 0.03 | 0.29 | 0.56 | 0.47 |
| 9050 | 0.01 | 0.19 | 0.79 | 0.62 |

Estimated volume total, Calls 6986 Puts 3800
Previous day's open int. Calls 123504 Puts 46353

### LONDON (LIFFE)

**20-YEAR 9% NOTIONAL GILT ***
£50,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 97-07 | 97-19 | 97-05 | 97-09 |
| Jun | 97-14 | | | 97-16 |

Estimated volume 30599 (34389)
Previous day's open int. 55199 (56450)

**US TREASURY BONDS 8% ***
$100,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 102-25 | 103-09 | 102-25 | 102-31 |
| Jun | 101-23 | | | 101-29 |

Estimated volume 1543 (2838)
Previous day's open int. 4563 (4308)

**6% NOTIONAL GERMAN GOVT. BOND ***
DM250,000 100ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 88.38 | 88.78 | 88.32 | 88.62 |
| Jun | 88.81 | 89.15 | 88.80 | 89.06 |

Estimated volume 73514 (70087)
Previous day's open int. 120180 (114546)

**6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%**

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 103.69 | 103.83 | 103.65 | |
| Jun | 103.59 | | | |

Estimated volume 1441 (321)
Traded exclusively on APT

**9% NOTIONAL ECU BOND**
ECU 200,000 100ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 103.11 | 103.42 | 103.18 | 103.41 |

Estimated volume 110 (180)
Previous day's open int. 307 (280)

**12% NOTIONAL ITALIAN GOVT. BOND (BTP) ***
LIRA 200m 100ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 98.63 | 98.81 | 98.55 | 98.74 |
| Jun | 98.73 | 98.90 | 98.84 | 98.84 |

Estimated volume 8338 (9732)
Previous day's open int. 20268 (19167)

**THREE MONTH STERLING ***
£500,000 points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 89.72 | 89.77 | 89.70 | 89.72 |
| Jun | 90.07 | 90.13 | 90.06 | 90.07 |
| Sep | 90.42 | 90.45 | 90.38 | 90.39 |
| Dec | 90.52 | 90.54 | 90.49 | 90.49 |
| Mar | 90.57 | 90.60 | 90.54 | 90.55 |
| Jun | 90.60 | 90.62 | 90.56 | 90.54 |

Est. Vol. (inc. figs. not shown) 28633 (31422)
Previous day's open int. 187154 (187121)

**THREE MONTH EURODOLLAR ***
$1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 95.85 | 95.88 | 95.84 | 95.85 |
| Jun | 95.68 | 95.73 | 95.69 | 95.70 |
| Sep | 95.38 | 95.45 | 95.38 | 95.40 |
| Dec | 94.78 | 94.87 | 94.84 | 94.83 |

Est. Vol. (inc. figs. not shown) 2956 (3130)
Previous day's open int. 37669 (36820)

**THREE MONTH EUROMARK ***
DM 1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 90.66 | 90.69 | 90.63 | 90.68 |
| Jun | 91.16 | 91.23 | 91.15 | 91.22 |
| Sep | 91.57 | 91.65 | 91.56 | 91.61 |
| Dec | 91.82 | 91.91 | 91.80 | 91.84 |
| Mar | 92.14 | 92.19 | 92.12 | 92.14 |
| Jun | 92.28 | 92.34 | 92.27 | 92.29 |

Estimated volume 47365 (39514)
Previous day's open int. 214683 (212311)

**THREE MONTH ECU**
ECU 1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 89.99 | 90.06 | 89.96 | 90.07 |
| Jun | 90.50 | 90.60 | 90.50 | 90.59 |
| Sep | 91.05 | 91.09 | 91.07 | 91.11 |
| Dec | 91.33 | 91.40 | 91.36 | 91.39 |

Estimated volume 1075 (1019)
Previous day's open int. 6985 (6434)

**THREE MONTH EURO SWISS FRANC**
SFr 1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 92.47 | 92.54 | 92.40 | 92.42 |
| Jun | 92.79 | 92.84 | 92.71 | 92.72 |
| Sep | 93.07 | 93.14 | 93.00 | 92.98 |
| Dec | 93.23 | 93.26 | 93.25 | 93.13 |

Estimated volume 9917 (4171)
Previous day's open int. 25680 (26595)

**FT-SE 100 INDEX ***
£25 per full index point

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 2558.0 | 2580.0 | 2551.0 | 2577.0 |
| Jun | 2592.0 | 2611.0 | 2611.0 | 2611.0 |
| Sep | | | | |

Estimated volume 7092 (7363)
Previous day's open int. 36579 (36386)

**FT-SE EUROTRACK 100 INDEX**
[illegible]

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 1155.0 | | | 1155.0 |
| Jun | | | | |

Estimated volume 0 (0)
Previous day's open int. 137 (137)

* Contracts traded on APT. Closing prices shown.

### POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.8070 | 1.7971 | 1.7789 | 1.7539 | 1.7116 |

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8%**
$100,000 32nds of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | [illegible] | [illegible] | [illegible] | 103-06 |
| Jun | [illegible] | [illegible] | 101-24 | 102-03 |
| Sep | [illegible] | [illegible] | [illegible] | 101-03 |
| Dec | - | - | - | 100-05 |
| Mar | 99-06 | 99-06 | 99-06 | 99-12 |
| Jun | - | - | - | 98-17 |
| Sep | - | - | - | 97-26 |
| Dec | - | - | - | 97-04 |
| Mar | - | - | - | 96-15 |
| Jun | - | - | - | 95-28 |
| Sep | - | - | - | 95-10 |

**U.S. TREASURY BILLS (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 96.27 | 96.29 | 96.25 | 96.27 |
| Jun | - | 96.17 | 96.16 | 96.17 |
| Sep | - | - | - | 95.91 |
| Dec | - | - | - | 95.42 |
| Mar | - | - | - | 95.19 |

**BRITISH POUND (IMM)**
$s per £

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 1.7900 | 1.7920 | 1.7874 | 1.7856 |
| Jun | 1.7652 | 1.7650 | - | 1.7569 |
| Sep | 1.7410 | 1.7420 | - | 1.7358 |

**SWISS FRANC (IMM)**
SFr 125,000 $ per SFr

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 0.7077 | 0.7092 | 0.7069 | 0.7067 |
| Jun | - | 0.7025 | 0.7015 | 0.7009 |
| Sep | - | - | - | 0.6960 |

**JAPANESE YEN (IMM)**
Y12.5m $ per Y100

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 0.8092 | 0.8085 | 0.8085 | 0.8066 |
| Jun | 0.8088 | 0.8091 | 0.8076 | 0.8054 |
| Sep | - | 0.8080 | - | 0.8050 |
| Dec | - | - | - | 0.8053 |

**DEUTSCHE MARK (IMM)**
DM125,000 $ per DM

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 0.6249 | 0.6261 | 0.6242 | 0.6245 |
| Jun | 0.6175 | 0.6180 | 0.6170 | 0.6167 |
| Sep | - | - | - | 0.6099 |

**THREE-MONTH EURODOLLAR (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | 95.86 | 95.88 | 95.85 | 95.86 |
| Jun | 95.70 | 95.72 | 95.69 | 95.70 |
| Sep | 95.40 | 95.44 | 95.39 | 95.41 |
| Dec | 94.81 | 94.85 | 94.81 | 94.83 |
| Mar | 94.55 | 94.58 | 94.53 | 94.56 |
| Jun | 94.09 | 94.12 | 94.09 | 94.10 |
| Sep | 93.66 | 93.69 | 93.65 | 93.66 |
| Dec | 93.13 | 93.16 | 93.12 | 93.13 |

**STANDARD & POORS 500 INDEX**
$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Mar | - | 415.75 | 414.10 | 414.45 |
| Jun | 416.50 | 417.15 | 414.50 | 415.85 |
| Sep | 419.10 | 418.50 | 417.05 | 417.25 |

**PHILADELPHIA SE £/$ OPTIONS**
£31,250 (cents per £1)

| Strike Price | Calls Feb | Calls Mar | Calls Apr | Calls Jun | Puts Feb | Puts Mar | Puts Apr | Puts Jun |
|---|---|---|---|---|---|---|---|---|
| 1.725 | 8.05 | 8.27 | 8.38 | 8.75 | 0.45 | 1.29 | 2.16 | 3.96 |
| 1.750 | 5.95 | 6.33 | 6.57 | 7.10 | 0.98 | 2.01 | 2.98 | 5.04 |
| 1.775 | 4.06 | 4.63 | 5.05 | 5.72 | 1.62 | 2.92 | 4.07 | 6.33 |
| 1.800 | 2.55 | 3.27 | 3.77 | 4.52 | 2.64 | 4.17 | 5.41 | 7.72 |
| 1.825 | 1.57 | 2.29 | 2.71 | 3.53 | 4.18 | 5.72 | 6.94 | 9.35 |
| 1.850 | 0.87 | 1.53 | 1.98 | 2.72 | 5.96 | 7.50 | 8.65 | 11.10 |
| 1.875 | 0.44 | 0.97 | 1.37 | 2.11 | 7.99 | 9.41 | 10.57 | 12.98 |

Previous day's open int. Calls 259,219 Puts 306,572 (All currencies)
Previous day's volume Calls 15,934 Puts 7,995 (All currencies)

### PARIS

**7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES**

| | Open | Sett price | Change | High | Low | Yield | Open int. |
|---|---|---|---|---|---|---|---|
| March | 108.94 | 108.92 | -0.24 | 109.28 | 108.92 | 8.60 | 145,302 |
| June | 109.98 | 109.96 | -0.22 | 110.26 | 109.98 | 8.45 | 18,176 |
| September | 110.02 | 110.00 | -0.22 | 110.22 | 110.00 | 8.46 | 675 |

Estimated volume 131,098 Total Open Interest 164,153

**THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| March | 90.44 | 90.41 | -0.05 | 90.44 | 90.40 | 9.54 | 25,929 |
| June | 90.94 | 90.95 | -0.01 | 90.97 | 90.92 | 9.04 | 15,068 |
| September | 91.30 | 91.30 | -0.01 | 91.32 | 91.25 | 8.69 | 8,916 |
| December | 91.50 | 91.53 | +0.01 | 91.55 | 91.50 | 8.46 | 1,778 |

Estimated volume 18,196 Total Open Interest 51,691

**CAC-40 FUTURES (MATIF) Stock Index**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| January | 1875.0 | 1855.0 | -29.0 | 1882.5 | 1852.0 | - | 14,748 |
| February | 1890.0 | 1870.5 | -29.0 | 1896.5 | 1868.5 | - | 3,867 |
| March | 1905.0 | 1884.5 | -29.5 | 1910.0 | 1881.5 | - | 7,919 |
| June | 1926.5 | 1900.5 | -29.5 | 1926.5 | 1926.5 | - | 4,198 |

Estimated volume 13,611 Total Open Interest 30,732

**ECU BOND (MATIF)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| March | 109.04 | 109.04 | -0.24 | 109.32 | 109.02 | 8.58 | 6,127 |

Estimated volume 7,044 Total Open Interest 6,127

**OPTION ON LONG-TERM FRENCH BOND (MATIF)**

| Strike | Calls March | Calls June | Calls September | Puts March | Puts June | Puts September |
|---|---|---|---|---|---|---|
| 106 | 2.95 | - | - | 0.04 | - | - |
| 107 | 2.01 | 3.15 | - | 0.11 | 0.24 | - |
| 108 | 1.29 | 2.38 | - | 0.26 | 0.44 | - |
| 109 | 0.53 | 1.70 | - | 0.60 | 0.72 | - |
| 110 | 0.21 | 1.17 | 1.54 | - | - | - |
| 111 | 0.07 | 0.73 | - | - | - | - |
| 112 | 0.03 | 0.44 | - | - | - | - |
| 113 | - | 0.24 | - | - | - | - |
| Open int. | 125,263 | 39,084 | 1,050 | 103,692 | 27,080 | 250 |

Estimated volume 24,544 Total Open Interest 297,227

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 10.5 | Crédit Lyonnais | 10.5 | McDonnell Douglas Bnk. | 10.5 |
| Allied Trust Bank | 10.5 | Cyprus Popular Bk | 10.5 | Midland Bank | 10.5 |
| AIB Bank | 10.5 | Dunbar Bank PLC | 10.5 | Mount Banking | 10.5 |
| ● Henry Ansbacher | 10.5 | Duncan Lawrie | 10.5 | NatWestminster | 10.5 |
| B & C Merchant Bank | 10.5 | Equatorial Bank plc | 10.5 | Northern Bank Ltd | 10.5 |
| Bank of Baroda | 10.5 | Exeter Bank Limited | 11 | Nykredit Mortgage Bank | 11 |
| Banco Bilbao Vizcaya | 10.5 | Financial & Gen. Bank | 11 | Provincial Bank PLC | 14 |
| Bank of Cyprus | 10.5 | First National Bank Plc. | 14 | Roxburghe Bank Ltd. | 11.5 |
| Bank of Ireland | 10.5 | ● Robert Fleming & Co. | 10.5 | Royal Bk of Scotland | 10.5 |
| Bank of India | 10.5 | Robert Fraser & Prtrs. | 11 | ● Smith & Williamson Secs. | 10.5 |
| Bank of Scotland | 10.5 | Girobank | 10.5 | Standard Chartered | 10.5 |
| Banque Belge Ltd | 10.5 | ● Guinness Mahon | 10.5 | TSB | 10.5 |
| Barclays Bank | 10.5 | ● Hambros Bank | 10.5 | Unibank plc | 10.5 |
| Benchmark Bank | 11 | Hampshire Trust Plc | 13.5 | ● United Bk of Kuwait | 10.5 |
| Brit Bk of Mid East | 10.5 | Heritable & Gen Inv Bnk. | 10.5 | Unity Trust Bank Plc | 10.5 |
| ● Brown Shipley | 10.5 | ● Hill Samuel | 10.5 | Western Trust | 10.5 |
| CL Bank Nederland | 10.5 | C. Hoare & Co. | 10.5 | Westpac Bank Corp. | 10.5 |
| Citibank NA | 10.5 | Hongkong & Shanghai | 10.5 | Whiteaway Laidlaw | 10.5 |
| City Merchants Bank | 10.5 | Julian Hodge Bank | 10.5 | Yorkshire Bank | 10.5 |
| Clydesdale Bank | 10.5 | ● Leopold Joseph & Sons | 10.5 | | |
| Co-operative Bank | 10.5 | Lloyds Bank | 10.5 | | |
| Coutts & Co | 10.5 | Meghraj Bank Ltd | 10.5 | | |

● Members of British Merchant Banking & Securities Houses Association.

# MONEY MARKET FUNDS

## Money Market Trust Funds

Gross Net CAR Int Cr

**CAF Money Management Co Ltd**
48 Pembury Road, Tonbridge TN9 2JB 0732 770114
[illegible]

**The COIF Charities Deposit Account**
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit [illegible]

**Cent. Bd. of Fin. of Church of England**
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit [illegible]

**Gartmore Money Management Ltd**
16-18 Monument St, London EC3R 8QQ 071-726 1425
TESSA Dep [illegible]
Call Fnd [illegible]
7-day Fund [illegible]
Dollar [illegible]
TESSA Prime [illegible]
TESSA Plus [illegible]
TESSA Saver [illegible]

## Money Market Bank Accounts

Gross Net CAR Int Cr

**AIB Bank High Interest Cheque Account**
Belmont Rd, Uxbridge UB8 1SA [illegible]

**Aitken Hume Bank plc**
30 City Road, EC1Y 2AY 071-638 6070
[illegible]

**Allied Trust Bank Ltd**
97-101 Cannon St, London EC4N 5AD 071-626 0879
[illegible]

**American Express Bank Ltd**
[illegible]
High Performance Cheque Account [illegible]

**Bank of Ireland High Interest Cheque Acc**
36-40 High St, Slough SL1 1EL [illegible]

**Bank of Scotland**
38 Threadneedle St, EC2P 2EH 071-601 6446
[illegible]

**Barclays Select**
PO Box 120, Westwood Bu Pk, Coventry [illegible]

**Barclays Prime Account H.I.C.A.**
PO Box 125, Northampton [illegible]

**Benchmark Bank PLC Premier Account**
86 Newman Street, W1P 3LD 071-631 3313
[illegible]

**Brown Shipley & Co Ltd**
Founders Court, Lothbury, London EC2 [illegible]

**Caledonian Bank Plc**
8 St Andrew Square, Edinburgh EH2 2PP 031-556 8235
[illegible]

**Cater Allen Ltd**
25 Birchin Lane, London EC3V 9DJ 071-623 2070
[illegible]

**[illegible] Bank Limited**
1 Paternoster Row, EC4M 7DH [illegible]
Many other currencies are available—for rates please phone ext. 2368

**Clydesdale Bank PLC**
30 St Vincent Place, Glasgow G1 2HL 041-248 7070
[illegible]

**Co-operative Bank**
PO Box 300, Skelmersdale, Lancs [illegible]
TESSA [illegible]

**Coutts & Co**
[illegible]

**Dartington & Co Ltd Investment HICA**
[illegible]

**Financial & General Bank plc**
[illegible]

**Gartmore Money Management Ltd**
16-18 Monument St, London EC3R 8QQ [illegible]

**[illegible]**

**Julian Hodge Bank Ltd**
10 Windsor Place, Cardiff CF1 3BX [illegible]

**Humberclyde Finance Group**
[illegible]

**Kleinwort Benson Ltd**
[illegible]

**Lloyds Bank - Investment Account**
71 Lombard St, London EC3P 3BS [illegible]

**Midland Bank plc**
PO Box 2, Sheffield [illegible]

**NatWest Crown Reserve Account**
41 Lothbury, London EC2P 2BP [illegible]

**Provincial Bank PLC**
30 Ashley Rd, Altrincham, Cheshire [illegible]

**Royal Bank of Scotland plc Premium Acc**
42 St Andrew Sq, Edinburgh EH2 2YE [illegible]

**Save & Prosper/Robert Fleming**
16-22 Western Rd, Romford RM1 3LB [illegible]

**Sterling Bank & Trust Ltd**
[illegible]

**Tyndall & Co Ltd**
29-33 Princess Victoria St, Bristol [illegible]

**United Dominions Trust Ltd**
PO Box 135, Abbey St, Reading RG1 3EB 0734 580411
[illegible]

**J. Henry Schroder Wagg & Co Ltd**
120 Cheapside, London EC2V 6DS [illegible]

**Western Trust High Interest Cheque Acc**
The Moneycentre, Plymouth PL1 1SE [illegible]

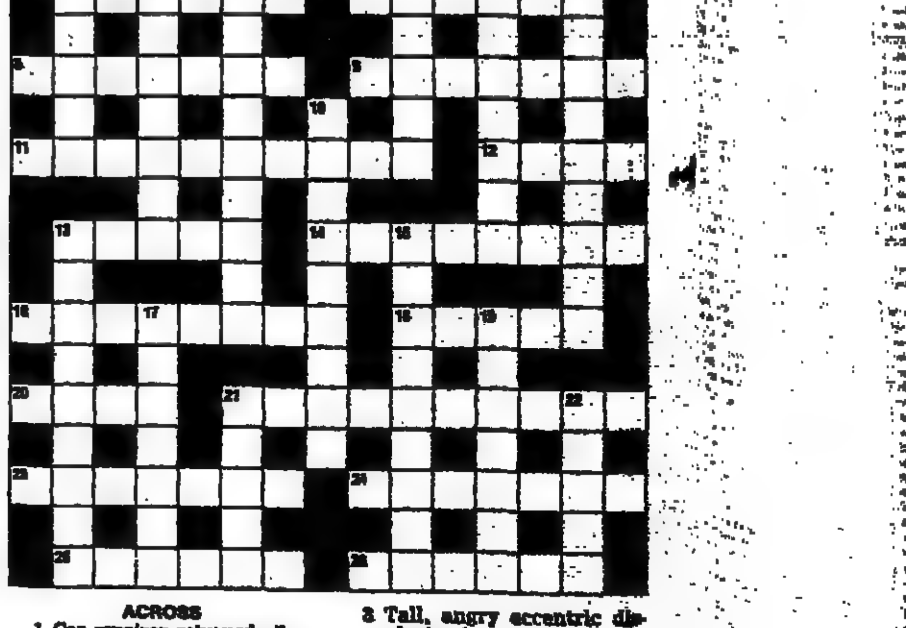
**Wimbledon & South West Finance PLC**
114 Broadway, SW19 [illegible]

NOTES- Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowance for deduction of basic rate income tax. Gross CAR: Gross rate expressed to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

JOTTER PAD

## CROSSWORD

No.7,754 Set by GRIFFIN



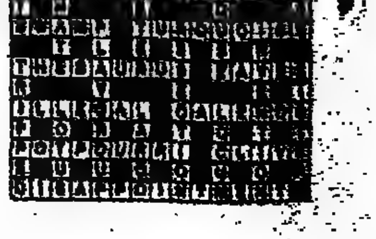
**ACROSS**

1 Car repairer returned silver gear wheel (6)
4 *It's not OK of a brick frame* (6)
8 They're smashing vehicles a boy backed into (7)
9 It's a man's unnatural vitality (7)
11 Supporter accepts pass as bribe (10)
12 Married less than a month is expert! (4)
13 The palindromic principle (5)
14 Show to be correct bill and tick (8)
16 Said I'd to follow bird with a squint (8)
18 Boring hole in delivery vehicle (5)
20 Electricity collector goes on foot (4)
21 Teacher has dispelled sorrows (10)
23 Penalises those not the skilful management (7)
24 Transport system hated revised width (7)
25 Fate of equipment, some lacking nothing internally (6)
26 Accepts a foot of land as more suitable (6)

**DOWN**

1 Where a horse stands around, hot (6)
2 Indian tomatoes have one (7)
3 Tall, angry eccentric displaying bravery (9)
5 Look round street when moving (6)
6 Spoil lift buttons with destructive behaviour (7)
7 Study writing of enlisted soldier (9)
10 Shot dead in war of 1900-1910? (9)
15 Having to choose to carry new-fangled hot food extractor . . . . (9)
16 . . . . restaurant got Ice after a breakdown (9)
17 Zoo employees make 50% less than corrupt peers (7)
19 Fruit supplier to ring doctor back daily during this (7)
21 Hurry when introducing the liquid (5)
22 "Practise Safe Sex to Live" deserves some praise (5)

Solution to Puzzle No.7,753



# WORLD STOCK MARKETS

**AUSTRIA**

| January 22 | Sch | + or – |
|---|---|---|
| Austrian Airlines | 2,590 | –40 |
| Creditanstalt Pf | 442 | –3 |
| EA General | 3,255 | +10 |
| EVN | 825 | –1 |
| Jungbunzlauer | 9,970 | +20 |
| OeMV | 1,011 | +5 |
| Perlmooser Zement | 1,510 | .... |
| Radex Heraklith | 450 | .... |
| Reininghaus Brau | 1,560 | .... |
| Steyr Daimler | 250 | .... |
| Veitscher Magnesit | 295 | –3 |
| Verbund (Bz) A | 507 | –3 |
| Wienerberger | 4,550 | –23 |
| Z-Laenderbank | 1,005 | –10 |

**BELGIUM/LUXEMBOURG**

| January 22 | Frs. | + or – |
|---|---|---|
| ACEC-Union Mjn | 2,480 | –5 |
| AG Group | 2,140 | +75 |
| Arbed | 3,920 | –110 |
| BBL | 3,250 | +20 |
| Bank Intl a Lux | 11,800 | .... |
| Bacq Gen Lux Pts | 11,800 | .... |
| Barco | 1,126 | –2 |
| Bekaert | 10,925 | –275 |
| CBR Cement | 8,000 | –100 |
| Cobepa | 4,840 | .... |
| Cobepa AFV I | 4,815 | .... |
| Cockerill Prfv | 174 | .... |
| Colruyt | 4,800 | –50 |
| Delhaize Frs Lion | 8,490 | –130 |
| Electrabel | 4,885 | –20 |
| Electrabel AFV | 4,860 | .... |
| Electrafina ACT | 2,800 | .... |
| GBL | 3,330 | –10 |
| [illegible] | [illegible] | [illegible] |

**FRANCE (continued)**

| January 22 | Frs. | + or – |
|---|---|---|
| Beghin-Say Cert Inv | 468 | –11.80 |
| Bongrain | 2,781 | +1 |
| Bouygues | 560 | +1 |
| CCIP | 1,086 | –9 |
| C M B Packaging | 180.90 | –1 |
| Casino | 1,008 | –7 |
| Cap Gemini S | 290 | –7 |
| Carrefour | 2,311 | –20 |
| Casino | 144.90 | +3.90 |
| Cetelem | 724 | –6 |
| Chargeurs | 962 | –30 |
| Club Mediterranee | 460 | –5.50 |
| Cogifi | 339 | –3 |
| Coparex | 650 | .... |
| C C F | 171.50 | –2 |
| Cr Fonc France | 975 | –5 |
| Cred Lyon (CI) | 509 | –4 |
| Credit National | 1,049 | +2 |
| Damart | 2,585 | –55 |
| Docks de France | 398.90 | –1.10 |
| Dollfus Mieg Cie | 283.50 | +3.50 |
| EBF | 745 | +6 |
| Eaux Cie Genl | 2,068 | –22 |
| Ecco | 376 | –3.80 |
| Elf-Aquitaine | 366.50 | –5.50 |
| Elf-Aquitaine Certs | 244 | –5 |
| Essilor Int | 339.50 | –0.50 |
| Etex | 1,698 | +13 |
| Euraftance | 1,472 | –22 |
| Eurocom | 601 | –4 |
| Euro Disney | 142.90 | +1.10 |
| Exor | 1,3208 | .... |
| Finextel | 118 | –1 |
| Fonc Lyonnaise | 620 | .... |
| From C et Auv | 2,577 | –13 |
| GTM-Entrepose | 339 | +1 |
| Gal. Lafayette | 1,425 | –13 |
| Gaumont (Soc N) | 730 | +15 |
| [illegible] | [illegible] | [illegible] |

**GERMANY (continued)**

| January 22 | Dm. | + or – |
|---|---|---|
| Continental AG | 225.80 | +0.80 |
| DLW | 483 | +1 |
| Daimler-Benz | 750.50 | –3.50 |
| Deckel (Fr) | 120 | +2 |
| Degussa | 332.40 | +5.90 |
| Deutsche Babcock | 175 | –0.20 |
| Deutsche Bank | 706.50 | .... |
| Didier-Werke | 158 | –1 |
| Douglas Hldg | 625 | +1.50 |
| Dragerwerk | 275 | .... |
| Dresdner Bk | 354 | .... |
| Fag Kugelfischer | 228 | –4 |
| Gerresheimer | 412 | –3 |
| Goldschmidt (TH) | 755 | .... |
| Hamburg Elekt | 205 | –0.90 |
| Hapag Lloyd | 511 | –1 |
| Heidelb Zem | 890 | –2 |
| Henkel Prf | 567.50 | +2 |
| Herlitz | 360 | –2.50 |
| Hochtief | 1,180 | –11 |
| Hoechst | 250.20 | –0.30 |
| Hoesch | 252.50 | .... |
| Holzmann Ph | 1,180 | –5 |
| Horten | 190 | +9 |
| IKB Deutsche Ind | 272 | +4.50 |
| Industrie Werke | 295.50 | –0.50 |
| Kali & Salz | 144.50 | –0.50 |
| Karstadt | 598.50 | –5.50 |
| Kaufhof | 468 | –3 |
| KHD | 149.50 | .... |
| Kloeckner Werke | 115.50 | –0.50 |
| Lahmeyer | 805 | +5 |
| Leifheit | 450 | –6 |
| Linde | 746 | –5.50 |
| Linotype-Hell | 336 | +4 |
| Lufthansa | 173.80 | +1.30 |
| Lufthansa n/v Prf | 129 | –1 |
| MAN | 342.10 | [illegible] |
| [illegible] | [illegible] | [illegible] |

**NETHERLANDS**

[illegible]

**SWEDEN (continued)**

[illegible]

**SWITZERLAND**

[illegible]

**NORWAY**

[illegible]

**SPAIN**

[illegible]

**SOUTH AFRICA**

[illegible]

**SWEDEN**

[illegible]

**ITALY**

[illegible]

**DENMARK**

[illegible]

**FINLAND**

[illegible]

**FRANCE**

[illegible]

**GERMANY**

[illegible]

**JAPAN**

[illegible]

**AUSTRALIA (continued)**

[illegible]

**HONG KONG**

[illegible]

**AUSTRALIA**

[illegible]

**MALAYSIA**

[illegible]

**SINGAPORE**

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. (x) Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. Owing to problems at Telekurs, some N.American stocks are temporarily being marked off early. † Technical problems meant that some French prices in yesterday's edition were pre-close.

## CANADA

### TORONTO

*3:00 pm prices January 22*

Quotations in cents unless marked $

[illegible]

... 100 Can Util B d$21¼ 21¼ 21¼ ; 100 Canamax 34 d34 34 ; 2800 Cantor $27 26½ 26½ –⅛ ; 13500 CnPcForest $26¼ 26¼ 26¼ ; 45800 Cara Op $5¾ 5¾ 5¾ –⅛ ; 1000 Cascades $5⅞ 5⅞ 5⅞ +⅛ ; 2000 Celanese $43½ 43 43 –⅛ ; 200 Cntrl Cap 32 d32 40 ; 200 Cinepx Ods 310 310 310 ; 300 Cntrl Fd A u470 470 470 +5 ; 23500 Cominco $22⅛ 22⅛ 22⅛ +⅛

6700 Jannock $17⅛ 17⅛ 17⅛ –⅛ ; 300 KerrAddis $15⅞ 15⅞ 15⅞ +⅛ ; 23100 Labatt u$27¼ 27¼ 27¼ +⅛ ; 23100 Lac Minls $9¼ 9 9 –⅛ ; 4800 Lafarge u$15½ 15 15½ +⅛ ; 4500 Laidlaw A $12½ 12⅜ 12½ +⅛ ; 219000 Laidlaw B $12⅝ 12⅜ 12⅝ +⅛ ; 1200 Laurent Bk u$22⅜ 22½ 22⅜

5800 Ranger Oil $8⅝ 8⅛ 8¼ ; 900 Rayrock u$5¼ 5¼ 5¼ +½ ; 200 Reed Stenh $24½ 24½ 24½ ; 1000 Renaiss S x u$19 18⅞ 19 +⅛ ; 49100 Ren'sance $12⅞ d12⅝ 12⅞ +⅛ ; 13400 Repap Ent $5⅜ 5⅜ 5⅜ –⅛ ; 1000 Rio Algom $17⅝ 17⅝ 17⅝ +⅛ ; 18100 RogersCom B $13⅞ d13⅝ 13⅞ ; 200 Rothmans u$83¼ 83¼ 83 ; 143800 RoyalBkCan r $27⅛ d27 27½ –⅛ ; 285100 Ryl Oak Mn 218 203 207 –10

... 60300 TransAlta $13⅝ d13½ 13⅝ ; 180500 Trnscan P $17⅝ d17⅜ 17½ ; 8200 Trimac $8¼ 8⅛ 8⅛ ; 6100 Trizec A x $10 d9⅝ 9⅝ –⅛ ; 600 UAP A $15½ 15½ 15½ –⅛ ; 900 UnionEnr $14⅝ 14⅝ 14⅝ ; 500 UnitedCorp u$30 29⅝ 29⅝ +⅛ ; 11800 UtdDomInd u$11⅜ 11½ 11½ ; 16800 Viceroy Re 500 495 500 +5 ; 31200 W'coast E $20⅛ 19⅞ 20⅛ +⅛ ; 300 Weston Geo u$39½ 39¼ 39¼ +½ ; 3100 WIC B $13 13 13 +⅛

† – No voting rights or restricted voting rights

### MONTREAL

*3:00 pm prices January 22*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 62400 | Bombrdr B x | $31 | 30⅞ | 31 | |
| 3300 | Cambior | $9⅛ | 9⅛ | 9⅛ | –⅛ |
| 202300 | Canimp Bk | $35⅝ | d33⅝ | 35⅝ | –⅛ |
| 100 | CanMarconi | u$18⅛ | 18⅛ | 18⅛ | +⅛ |
| 7400 | Cascades | $5⅞ | 5⅞ | 5⅞ | +⅛ |
| 10300 | DomnTx A | $8⅛ | 7⅞ | 8 | –⅛ |
| 31000 | MacleanHnt | $12½ | 12⅜ | 12½ | +⅛ |
| 124300 | NatBk Can | $12½ | 12⅜ | 12½ | +⅛ |
| 100 | Provigo | $8⅜ | 8⅜ | 8⅜ | +⅛ |
| 5800 | Quebecor A | $25⅞ | 25⅞ | 25⅞ | –⅛ |
| 5800 | Teleglobe | u$11⅜ | 11⅜ | 11⅜ | +⅛ |
| 1400 | Videotron | $15⅛ | 15⅛ | 15⅛ | –⅛ |

Total Sales 11,657,100 shares

## INDICES

### NEW YORK

| DOW JONES | Jan 21 | Jan 20 | Jan 17 | Jan 16 | 1992 HIGH | 1992 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ‡Industrials | 3223.39 | 3254.03 | 3264.98 | 3249.55 | 3264.98 (17/1) | 3172.41 (2/1) | 3264.98 (17/1/92) | 41.22 (2/7/32) |
| Home Bonds | 99.40 | 99.49 | 99.61 | 99.37 | 99.61 (17/1) | 98.96 (2/1) | 99.61 (17/1/92) | 54.99 (1/10/81) |
| Transport | 1391.07 | 1411.43 | 1421.90 | 1445.81 | 1445.81 (16/1) | 1342.12 (2/1) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 212.19 | 212.26 | 211.82 | 211.94 | 225.59 (3/1) | 211.82 (17/1) | 236.23 (2/1/90) | 10.50 (8/4/32) |

‡Day's High 3275.49 (3283.32) Low 3194.10 (3230.99)

### STANDARD AND POOR'S

| | Jan 21 | Jan 20 | Jan 17 | Jan 16 | 1992 HIGH | 1992 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 412.64 | 416.36 | 418.86 | 418.21 | 420.77 (15/1) | 412.64 (21/1) | 420.77 (15/1/92) | 4.40 (1/6/32) |
| Industrials | 490.04 | 495.14 | 498.15 | 496.70 | 499.27 (15/1) | 490.04 (21/1) | 499.27 (15/1/92) | 3.62 (21/6/32) |
| Financial | 33.82 | 34.29 | 34.68 | 34.89 | 35.14 (15/1) | 33.82 (21/1) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 227.64 | 229.67 | 230.96 | 230.55 | 231.85 (15/1) | 227.64 (12/1) | 231.85 (15/1/92) | 4.46 (25/4/42) |
| Amex Mkt. Value | 410.51 | 415.33 | 415.32 | 413.77 | 415.33 (20/1) | 395.51 (2/1) | 415.33 (20/1/92) | 29.31 (9/12/72) |
| NASDAQ Composite | 608.89 | 619.38 | 626.85 | 627.34 | 630.82 (15/1) | 586.45 (2/1) | 630.82 (15/1/92) | 54.87 (31/10/72) |

| | Jan 17 | Jan 10 | Jan 3 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 2.83 | 2.89 | 2.90 | 3.90 |
| | **Jan 15** | **Jan 8** | **Dec 31** | **year ago (approx.)** |
| S & P Industrial div. yield | 2.52 | 2.54 | 2.55 | 3.31 |
| S & P Indl. P/E ratio | 25.76 | 25.51 | 25.35 | 15.92 |

### NEW YORK ACTIVE STOCKS

| Tuesday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Glaxo | 3,723,100 | 30¾ | - ⅛ |
| Adv Micro | 3,180,100 | 20 | + ⅛ |
| Gen Motors | 3,031,500 | 32⅞ | - 1⅛ |
| Cypress Sem | 2,943,900 | 13⅞ | - ⅛ |
| Wal-Mart | 2,788,900 | 54⅞ | - 1⅛ |
| RJR Nabisco | 2,612,700 | 10⅛ | - ⅛ |
| Pfizer | 2,216,200 | 73⅞ | - 2⅞ |
| Citicorp | 2,033,900 | 13⅞ | - ⅛ |
| Home Depot | 1,982,300 | 61⅞ | - 3 |
| Gen Electric | 1,953,300 | 78 | - 2½ |

### TRADING ACTIVITY

| † Volume Millions | Jan 21 | Jan 20 | Jan 17 |
|---|---|---|---|
| New York SE | 218.650 | 180.870 | 294.560 |
| Amex | 17.946 | 17.343 | 25.870 |
| NASDAQ | 266.438 | 209.691 | 282.488 |
| **NYSE** | | | |
| Issues Traded | 2,194 | 2,193 | 2,196 |
| Rises | 569 | 749 | 918 |
| Falls | 1,188 | 941 | 816 |
| Unchanged | 437 | 503 | 462 |
| New Highs | 79 | 90 | 161 |
| New Lows | 5 | 4 | 6 |

### CANADA

| TORONTO | Jan 21 | Jan 20 | Jan 17 | Jan 16 | 1992 HIGH | 1992 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 3111.62 | 3200.40 | 3255.89 | 3238.87 | 3238.87 (16/1) | 2935.22 (2/1) |
| Composite | 3620.44 | 3655.67 | 3658.29 | 3666.0 | 3666.00 (16/1) | 3493.66 (2/1) |
| MONTREAL Portfolio | 1908.90 | 1930.23 | 1951.97 | 1937.59 | 1937.59 (16/1) | 1856.55 (2/1) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

| | Jan 22 | Jan 21 | Jan 20 | Jan 17 | 1992 HIGH | 1992 LOW |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ordinaries (1/1/80) | 1631.5 | 1646.9 | 1667.6 | 1673.5 | 1675.6 (15/1) | 1631.5 (22/1) |
| All Mining (1/1/80) | 691.1 | 697.7 | 703.5 | 702.8 | 703.5 (20/1) | 660.3 (2/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (30/12/84) | 404.24 | 405.04 | 402.21 | 405.72 | 437.47 (15/1) | 372.24 (2/1) |
| **BELGIUM** | | | | | | |
| BEL20 (1/1/91) | 1176.84 | 1181.69 | 1161.81 | 1156.50 | 1181.69 (21/1) | 1097.23 (8/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | 359.37 | 360.83 | 362.85 | 361.86 | 365.29 (15/1) | 354.37 (2/1) |
| **FINLAND** | | | | | | |
| HEX General (28/12/90) | 848.4 | 869.4 | 881.1 | 885.1 | 894.5 (16/1) | 779.0 (2/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 501.36 | 504.35 | 502.37 | 500.81 | 504.35 (21/1) | 475.53 (2/1) |
| CAC 40 (31/12/87) | 1841.32 | 1867.91 | 1865.85 | 1859.95 | 1873.63 (15/1) | 1749.91 (2/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 685.12 | 687.20 | 677.06 | 678.64 | 687.20 (21/1) | 643.26 (8/1) |
| Commerzbank (1/12/53) | 1937.8 | 1943.5 | 1913.0 | 1918.1 | 1943.5 (21/1) | 1813.8 (8/1) |
| DAX (30/12/87) | 1680.10 | 1685.29 | 1677.17 | 1670.99 | 1685.29 (21/1) | 1578.73 (8/1) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 4550.72 | 4522.21 | 4510.47 | 4454.89 | 4550.72 (22/1) | 4301.78 (2/1) |
| **IRELAND** | | | | | | |
| ISEQ Overall (4/1/88) | 1457.77 | 1463.75 | 1462.37 | 1469.57 | 1469.57 (17/1) | 1391.49 (8/1) |
| **ITALY** | | | | | | |
| Banca Com. Ital. (1972) | 537.97 | 539.96 | 546.25 | 548.11 | 551.83 (16/1) | 507.43 (2/1) |
| **JAPAN** | | | | | | |
| Nikkei (16/5/49) | 21534.12 | 20858.30 | 20915.82 | 21327.37 | 23801.18 (6/1) | 20858.30 (21/1) |
| Tokyo SE (Topix) (4/1/68) | 1603.81 | 1569.43 | 1574.91 | 1600.26 | 1763.43 (6/1) | 1569.43 (21/1) |
| 2nd Section (4/1/68) | 2293.23 | 2292.32 | 2312.32 | 2339.85 | 2459.85 (6/1) | 2292.32 (21/1) |
| **MALAYSIA** | | | | | | |
| KLSE Composite (4/4/86) | 572.27 | 570.57 | 572.23 | 569.65 | 572.27 (22/1) | 546.63 (14/1) |
| **NETHERLANDS** | | | | | | |
| CBS Tot.Rtn.Gen.(End 1983) | 288.3 | 289.1 | 287.2 | 287.1 | 289.1 (21/1) | 274.0 (8/1) |
| CBS All Shr (End 1983) | 202.5 | 203.0 | 201.7 | 201.6 | 203.0 (21/1) | 192.4 (8/1) |
| **NORWAY** | | | | | | |
| Oslo SE (Ind) (2/1/83) | 728.88 | 729.92 | 741.50 | 748.83 | 748.83 (17/1) | 678.99 (2/1) |
| **PHILIPPINES** | | | | | | |
| Manila Comp (2/1/85) | 1281.31 | 1301.08 | 1303.80 | 1303.30 | 1303.30 (17/1) | 1172.78 (2/1) |
| **SINGAPORE** | | | | | | |
| SES All-Singapore (2/4/75) | 416.91 | 416.99 | 415.66 | 416.49 | 416.99 (21/1) | 401.19 (2/1) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | 1303.0 | 1327.0 | 1312.0 | 1325.0 | 1327.0 (21/1) | 1119.0 (2/1) |
| JSE Industrial (28/9/78) | 4510.0 | 4513.0 | 4531.0 | 4512.0 | 4535.0 (15/1) | 4369.0 (2/1) |
| **SOUTH KOREA**** | | | | | | |
| Korea Comp Ex. (4/1/80) | 646.28 | 630.00 | 633.07 | 616.72 | 660.10 (6/1) | 604.63 (15/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/85) | 251.38 | 252.62 | 252.64 | 253.92 | 258.50 (15/1) | 238.93 (2/1) |
| **SWEDEN** | | | | | | |
| Affarsvarlden Gen. (1/2/37) | 976.1 | 978.2 | 989.2 | 982.2 | 989.2 (20/1) | 913.70 (2/1) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Ind. (31/12/58) | 770.2 | 773.0 | 769.9 | 769.7 | 779.8 (15/1) | 748.5 (8/1) |
| SBC General (1/4/87) | 628.4 | 627.2 | 624.5 | 625.0 | 628.4 (22/1) | 601.1 (8/1) |
| **TAIWAN**** | | | | | | |
| Weighted Price (30/6/66) | 5131.42 | 5135.35 | 5182.64 | 5045.94 | 5135.35 (21/1) | 4692.17 (6/1) |
| **THAILAND** | | | | | | |
| Bangkok SET (30/4/75) | 772.71 | 776.01 | 779.82 | 770.83 | 779.82 (20/1) | 711.81 (3/1) |
| **WORLD** | | | | | | |
| M.S. Capital Intl (1/1/70) (S) | 527.5* | 523.6 | 525.3 | 521.9 | 542.1 (7/1) | 520.1 (13/1) |

** Saturday January 18: Taiwan Weighted Price: 4964.22; Korea Comp Ex. 621.21.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

### TOKYO - Most Active Stocks

Wednesday 22 January 1992

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Toyo Ink | 6.0m | 780 | +6 |
| Oji Paper | 4.8m | 881 | +11 |
| Toshiba | 4.4m | 682 | +12 |
| Mitsubishi Heavy | 4.3m | 643 | +3 |
| Hitachi | 3.7m | 939 | +19 |
| Osaka Gas | 3.0m | 580 | +11 |
| Nippon Steel | 2.9m | 356 | +3 |
| Fujitsu | 2.7m | 820 | +11 |
| Matsushita | 2.8m | 1,450 | +20 |
| Hitachi Zosen | 2.4m | 636 | +18 |

3:00 pm prices January 22

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1992 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 14¾ | 12¾ | AAR Corp x | 0.48 | 3.4 | 15 | 330 | 14 | 13⅞ | 13⅞ | |
| 26 | 22⅝ | A L Labs A | 0.16 | 0.7 | 25 | 134 | 22¾ | d22½ | 22⅝ | -⅛ |
| 66¾ | 56½ | AMP Inc | 1.44 | 2.2 | 28 | 2991 | 66¼ | 65 | 65½ | -⅛ |
| 75½ | 68¾ | AMR | | | 25 | 3762 | 74⅜ | 73⅛ | 74¼ | +1⅛ |
| 1¾ | 1⅛ | ARX | | | 2 | 224 | u1¾ | 1⅝ | 1¾ | |
| 52¾ | 46¼ | ASA | 3.00 | 5.8 | 15 | 384 | 52 | 51½ | 52 | -⅛ |
| 68⅞ | 61 | Abbott Lab x | 1.00 | 1.6 | 24 | 3558 | 62⅞ | 61⅝ | 62⅞ | +¾ |
| 13¾ | 12⅛ | Abitibi Pr x | 0.50 | 3.8 | 17 | 13 | 13⅛ | 13 | 13 | -⅛ |
| 11⅝ | 11⅛ | ACM Gvt In | 1.28 | 11.1 | | 291 | 11½ | 11⅜ | 11⅜ | -⅛ |
| 10⅜ | 9½ | ACM GvOpp | 1.01 | 10.1 | | 110 | 10 | 10 | 10 | +⅛ |
| 9⅞ | 9 | ACM Gvt Sp | 0.17 | 1.8 | | 591 | u9½ | 9⅛ | 9⅜ | +⅛ |
| 11⅛ | 10⅝ | ACM Gvt Se | 1.28 | 11.4 | | 402 | u11⅛ | 11 | 11 | |
| 9⅛ | 8⅞ | ACM Man | 0.47 | 5.2 | | 257 | u9¼ | 9⅛ | 9⅛ | |
| 12⅞ | 12⅝ | ACM Managd | 1.35 | 10.6 | | 19 | 12¾ | d12⅝ | 12¾ | +⅛ |
| 9¼ | 7 | Acme Cleve | 0.40 | 4.2 | 21 | 356 | u9⅜ | 9¼ | 9½ | +⅜ |
| 5⅛ | 4⅞ | Acme Elect | | | 3 | 23 | 5 | 5 | 5 | |
| 33⅛ | 30⅞ | Acuson | | | 20 | 906 | 31 | d30⅛ | 30⅝ | -⅛ |
| 19⅜ | 18¾ | Adams Exp x | 0.48 | 2.5 | 0 | 60 | 18⅞ | d18⅛ | 18⅞ | |
| 15⅛ | 13 | Adobe12Pf | 2.40 | 16.6 | | 61 | 14¼ | 14⅛ | 14¼ | +⅛ |
| 5⅝ | 4½ | Adobe Res | | | 51 | 191 | 5⅛ | 5 | 5⅛ | +⅛ |
| 48⅝ | 42¼ | Ad Micro | | | | 1216 | u48 | 46½ | 48 | +1¼ |
| 20¼ | 17⅜ | Ad Micro P | 3.00 | 14.4 | 13 | 1529 | u20⅞ | 20 | 20⅞ | +⅞ |
| 7 | 5 | Advest Grp | 0.16 | 2.5 | 9 | 135 | 6⅝ | 6½ | 6½ | |
| 45⅜ | 42⅝ | Aetna Lf x | 2.76 | 6.2 | 8 | 1240 | 45⅛ | 44⅛ | 44⅞ | +⅝ |
| 10⅜ | 8⅝ | Ahld A x | 0.24 | 2.4 | 99 | 1213 | 9⅞ | 9¾ | 9⅞ | |
| 32⅞ | 29½ | Aflac. | | | | 378 | 30⅛ | d29½ | 29½ | -⅜ |
| 17⅝ | 15⅝ | Ahmanson | 0.88 | 5.2 | 10 | 1490 | 17⅛ | 16⅞ | 17 | +⅛ |
| 19⅞ | 17½ | Aileen Inc | | | 18 | 240 | 18⅝ | 18⅛ | 18½ | |
| 80¾ | 72⅞ | Air Pr Chm | 1.56 | 1.9 | 18 | 623 | 80½ | 79⅛ | 80½ | +1⅛ |
| 27⅛ | 23¼ | Airbne Frt | 0.30 | 1.1 | 20 | 534 | u28⅛ | 27 | 27⅞ | +⅞ |
| 24⅞ | 22⅝ | Airgas Inc | | | 111 | 48 | 23½ | 23¼ | 23½ | |
| 11¼ | 8¼ | Airlease | 1.68 | 15.4 | 6 | 34 | 10⅞ | 10⅝ | 10⅞ | +⅛ |
| 102 | 99½ | AlaPw8.16 | 8.16 | 8.0 | | z100 | u102½ | 102½ | 101½ | |
| 25⅛ | 21⅜ | AlaPw PfA | 2.00 | 8.0 | | 11 | u25⅛ | 25⅛ | 25⅛ | |
| 106 | 104 | AlaPw9.44 | 9.44 | 9.0 | | z100 | 104½ | 104½ | 104½ | |
| 108 | 102⅝ | Alab Pw 11 | | | | 2 | 104 | 104 | 104 | |
| 104 | 102½ | Alab Pw 9P | 9.00 | 8.6 | | z100 | 103½ | 103½ | 104 | +1 |
| 106 | 100¼ | Alab 8.28C | 8.28 | 8.0 | | z100 | 103½ | 103½ | 103½ | |
| 10⅞ | 10⅛ | AlaPwDoPf | 0.87 | 8.2 | | 18 | 10⅞ | 10⅝ | 10⅝ | |
| [illegible] | | | | | | | | | | |

Continued on next page

# NYSE COMPOSITE PRICES

| 1992 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Quote Close | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| Continued from previous page | | | | | | | | | | |
| 37⅞ | 33¼ | Rubbermaid x | 0.34 | 1.0 | 34 | 1618 | 34½ | 33⅞ | 34⅛ | +⅛ |
| 17⅞ | 14⅞ | Ruddick | 0.24 | 1.4 | 13 | 65 | 16⅞ | 16⅝ | 16⅝ | -⅛ |
| 21 | 18 | RussBerrie | 0.60 | 2.9 | 18 | 35 | 20½ | 20½ | 20½ | |
| 1½ | 1⅛ | Rust Togs | 0.20 | 14.5 | 0 | 24 | 1⅜ | 1¼ | 1⅜ | +⅛ |
| 40⅞ | 35⅞ | Russell Cp | 0.32 | 0.9 | 26 | 880 | 37¼ | 36⅞ | 37⅛ | -⅛ |
| 24½ | 19⅞ | Ryder Sys | 0.60 | 2.6 | 30 | 674 | 23½ | 23¼ | 23⅜ | |
| 27½ | 22¼ | Ryland Gp x | 0.60 | 2.4 | 36 | 108 | 25⅛ | 25 | 25 | -⅛ |
| [illegible] | | | | | | | | | | |

- S -

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

| 1992 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Quote Close | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 71¼ | 65½ | Xerox | 3.00 | 4.4 | 12 | 1810 | 68⅝ | 68⅛ | 68¼ | -⅛ |
| 53 | 50½ | Xerox4.125 | | | | z100 | 52½ | 52½ | 52 | |
| 25⅞ | 24⅞ | Xtra 1.94 | | | | 36 | 25¼ | 25⅛ | 25⅛ | |
| 31 | 28½ | Xtra Corp | 0.72 | 2.4 | 15 | 128 | 30⅜ | 30¼ | 30¼ | -⅛ |
| 27 | 25¼ | Yankee Egy | 1.60 | 6.2 | 13 | 19 | 25⅞ | 25½ | 25⅞ | -⅞ |
| 1¼ | ½ | Zapata | | | 67 | 170 | u1⅛ | 1 | ⅞ | |
| 8½ | 7⅝ | ZenithElec | | | 2 | 164 | 8 | 7⅝ | 8 | +⅛ |
| 16⅞ | 15 | Zenith Nat x | 1.00 | 6.2 | 134 | 11 | 16 | d16 | 16¼ | |
| 6⅝ | 6 | Zentx Inc x | 0.84 | 12.9 | | 109 | 6½ | 6⅜ | 6½ | |
| 12 | 11⅛ | Zero Corp | 0.40 | 3.4 | 16 | 119 | 11⅞ | 11⅝ | 11⅞ | -⅛ |
| 38 | 35½ | Zurn Ind | 0.88 | 2.4 | 15 | 846 | 37 | d35¼ | 36½ | +⅜ |
| 14⅞ | 13⅜ | Zweig Fund | 1.16 | 8.5 | | 418 | 13⅞ | d13½ | 13⅝ | |
| 11 | 10⅝ | Zweig Totl | 0.95 | 8.9 | | 789 | 10⅞ | 10¾ | 10⅞ | |

*Price data supplied by Telekurs.*

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

*3:00 pm prices January 22*

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

# NASDAQ NATIONAL MARKET

*3:00 pm prices January 22*

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

- X - Y - Z -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx | | 30 | 3370 | 28¼ | 27¼ | 28¼ | +1⅛ |
| Xoma Corp | | 12 | 3818 | 21¾ | 20 | 21¼ | +1¼ |
| Yellow Fr | 0.94 | 21 | 2856 | u30¾ | 29⅜ | 30⅛ | +⅜ |
| York Rsch | | 59 | 6726 | 8⅜ | 7 | 7⅛ | -1⅛ |
| ZionsUtah | 1.44 | 9 | 13 | u44⅛ | 42½ | 43⅜ | |

AMERICA

# Dow wavers on surfeit of mixed company results

### Wall Street

US STOCK prices wavered in a narrowly-mixed range yesterday morning as the market digested a surfeit of corporate results, *writes Karen Zagor in New York*.

At 1pm, the Dow Jones Industrial Average was up 4.70 at 3,228.09 on reasonably heavy volume. Advancing issues outpaced those declining by a ratio of nine to seven. The more broadly-based Standard & Poor's 500 advanced 1.97 to 414.62 at 1pm. On Tuesday, the Dow fell 30.64 to close at 3,223.39.

Among featured issues, Baxter International fell $1¼ to $36⅛ in heavy trading on news that the company's supply contract with Hospital Corp, valued at $250m a year, might be in jeopardy. Hospital Corp is allowing its units to accept bids for some supplies.

Shares in Monsanto tumbled $2⅞ to $66⅝ after the big US chemical company unveiled 1991 earnings of $296m, down 45 per cent from those of the previous year.

Banc One, the strong mid-western commercial banking group, added $⅞ to $49 on the back of a 25 per cent rise in 1991 net profits to $529.5m.

Minnesota Mining and Manufacturing eased $1⅞ to $95½ on disappointing fourth quarter earnings of $1.18 a share against $1.34 a year earlier. The company also warned that it expects a difficult start to 1992.

Browning Ferris edged $⅛ lower to $22¼ after posting first quarter earnings of 26 cents a share compared with 40 cents a year ago. Shares in Waste Management, the biggest US waste management company, eased $⅝ to $43¾.

Campbell Soup advanced $1⅝ to $38¾ after Goldman Sachs added the stock to its recommended list.

News that Conseco had agreed to buy Bankers Life & Casualty for $600m from ICH Corp lifted Conseco's stock $2½ to $67¼. The issue has traded in a range of $13¾ to $70 in the last year. On the American Stock Exchange, ICH Corp climbed $¼ to $4⅞ at midday.

A strong buy rating by Merrill Lynch on Delta Air Lines' stock boosted the issue $2 to $73⅞. Among other airline stocks, AMR rose $1 to $73⅞, USAir gained $⅛ to $16 and UAL added $1½ to $151.

Computer Associates jumped $2¼ to $14⅛ after the company turned in third quarter earnings of 43 cents a share against 35 cents a year earlier.

The secondary market posted stronger gains than the primary market with the Nasdaq composite up 9.31 to 614.18 at mid-session.

Henley Group advanced $2⅞ to $28⅛. The manufacturer said it was creating a board committee to consider a recapitalisation plan that would distribute $250m to shareholders.

### Canada

TORONTO climbed from earlier lows, led by an upward trend in the US and by a short-covering rally in bank shares, which followed two days of steady declines.

The TSE-300 composite index rose 3.46 to 3,623.9 in volume of 17.5m shares. Advances led declines by 256 to 230 with 240 unchanged. Most bank shares were below Tuesday's close, but trending higher. Among active stocks, the Bank of Nova Scotia rose from a low of C$21⅞ to C$22¼, still down C$⅛ from Tuesday.

Among other active bank stocks, Toronto Dominion rose C$⅛ to C$17⅞ in volume of over 317,000 shares. The Bank of Montreal climbed from a low of C$45⅞ to C$46½, unchanged from Tuesday's close.

EUROPE

# Frankfurt falls after steel talks break down

PROFIT-taking, a weak Wall Street overnight and consolidation were the watchwords in bourses yesterday, *writes Our Markets Staff*.

FRANKFURT tried to go higher again, but slipped on a combination of the breakdown of the steel wage talks, and technical factors. The DAX index closed 5.19 lower at 1,680.10 against an intraday high of 1,688.23 and after a fall of 2.08 to 685.12 in the FAZ at midsession. Volume fell from DM9.5bn to DM7.4bn.

Mr Jens Wiecking of Merck Finck in Düsseldorf said that the bond market had been strong for several hours but eventually weakened in the afternoon. As for equities, he said, their relative strength indicator had been saying for several days that the market was overbought.

Among blue chips, the gold refiner, chemicals and pharmaceuticals group, Degussa, rose DM6.40 or 2 per cent to DM332.40 after DM339.90, reflecting the move from defensive to cyclical stocks in brokers' buy lists. Thyssen fell DM3 to DM218.30 on the steel talks breakdown.

Deutsche Bank rose early on hopes of a rise in its 1991 dividend, peaking at DM711 but then easing back to close unchanged at DM706.50. It said that a final decision on the dividend would be taken in March; last year, the bank gave an early indication of the 1990 payout in late January.

PARIS was hit by a wave of selling in the afternoon, which some dealers suspected might be linked to futures arbitrage. The CAC 40 index dropped 26.59 to 1,841.32 in turnover of FFr2.3bn after FFr2.9bn.

Leading blue-chips bore the brunt of the day's fall, with BSN losing FFr14 to FFr1,095, Peugeot dropping FFr23 to FFr685 and Total falling FFr45 or 4.1 per cent to FFr1,059.

Eurotunnel fell as low as FFr42.70 before recovering to close FFr1.10 lower at FFr44.15 with a hefty 3.2m shares traded after a UK appeals court ruled in favour of Trans-Manche Link, the Anglo-French building consortium in dispute with Eurotunnel on cost overruns.

Alcatel Alsthom fell FFr7 to FFr584 as the market gave a thumbs-down to reports in the French press that it was going to take a stake in SGS-Thomson. The company later denied the reports.

ZURICH closed mixed in active trade, with banks and some insurers attracting buying interest, while industrials and chemicals consolidated recent gains. The all-share SPI index closed 0.8 higher at 1,111.2 but Union Bank and CS Holding bearers each put on SFr30, to SFr3,810 and SFr1,950.

There was some speculation about whether the rating agency, Moody's, would downgrade Crédit Suisse, CS Holding's major asset. The decision was expected this week, but Moody's said yesterday that it had not been taken yet.

MILAN saw some interest in the insurer Generali, in view of the industry reforms currently going through parliament, but trading was thin. The Comit index fell 1.99 to 537.97 in turnover estimated at L100bn after Tuesday's L103.6bn.

Generali was initially weak, falling L105 to an official close of L30,390 but it later rose as high as L30,550 on the kerb.

Among industrials, Olivetti added L44 to L2,709 while Fiat shed L85 to L5,080 but recovered to L5,150 after hours.

AMSTERDAM ended a quiet session with the CBS Tendency Index closing a fraction higher at 121.2. Selling pressure from Germany caused DAF to fall 4.4 per cent, losing Fl 1.10 to Fl 23.70.

In a generally firmer food and drinks sector, brewer Heineken closed up Fl 0.90 at Fl 168.20 after a new 12-month high of Fl 169.40. DSM, the chemicals group, closed up Fl 0.60 at Fl 103.00, although off its day's high of Fl 104.00. Dealers said DSM was still attracting foreign demand in anticipation of an earnings recovery later in the year. Royal Dutch fell Fl 1.10 to Fl 150.40, and Unilever Fl 0.30 to Fl 180.90.

MADRID, described by one analyst as apathetic, saw the general index closing down 1.26 at 251.36. Block trades were the only feature to liven the market, and turnover was strong at some Pta18bn.

STOCKHOLM closed lower for the second consecutive day due to profit-taking after strong advances and reaction to declines on Wall Street. The Affärsvärlden General index closed down 3.89 at 986.52. Volume remained heavy at SKr456m, down from SKr496m.

Astra restricted A shares, open only to Swedish residents, were down SKr3 to SKr512, while the pharmaceutical group's unrestricted A dropped SKr18 to SKr542. Analysts reported that the fall was fuelled by a government statement setting January 1 1993 as the date for the abolition of restricted shares.

COPENHAGEN fell with recent buyers taking to the sidelines. Novo Nordisk fell DKr8 to DKr528 on technical selling, and uncertainty about US senate committee hearings which could affect its American sales. The all-share index fell 1.46 to 359.37.

**FT-SE Eurotrack 100 - Jan 22**

*Hourly changes*

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | close |
|---|---|---|---|---|---|---|---|
| 1135.53 | 1136.16 | 1138.38 | 1137.25 | 1135.60 | 1134.32 | 1134.77 | 1134.07 |

Day's High 1138.46 | Day's Low 1133.63

| Jan 21 | Jan 20 | Jan 17 | Jan 16 | Jan 15 |
|---|---|---|---|---|
| 1136.99 | 1135.91 | 1135.24 | 1131.02 | 1140.52 |

Base value 1000 (26/10/90)

ASIA PACIFIC

# Nikkei rises on hopes of discount rate cut

### Tokyo

HOPES OF a cut in the official discount rate and bargain hunting by institutional investors lifted share prices, and the Nikkei average jumped 3.2 per cent, *writes Emiko Terazono in Tokyo*.

The 225-issue average closed 675.82 up at the day's high of 21,534.12 after falling for four consecutive trading days. The index opened at 20,851.29 and briefly declined to the day's low of 20,702.98.

Volume rose marginally to 270m shares from 230m as trading remained dealer-led. Share prices surged across the board, with rises finally outnumbering falls by 868 to 179, and 114 issues remaining unchanged. All 36 sectors advanced on the TSE first section. The Topix index of all first section stocks gained 34.38 to 1,603.81, and in London the ISE/Nikkei 50 index added 1.70 at 1,238.42.

The market lost ground at the opening on futures-related selling, but later firmed as foreign securities houses were seen short-covering in the futures market, which prompted arbitrage buying.

The sharp fall in short-term interest rates triggered speculation that the Bank of Japan was ready to cut the official discount rate. Yields on the three months certificates of deposit plunged below 5 per cent for the first time in two years and eight months, and the No 129 10-year benchmark bond closed at a record low of 5.195 per cent.

Bargain hunting by domestic institutions was noted, and pension funds and insurance companies were seen buying just before the close. Mr Shin Tokoi at County NatWest commented: "The mood has improved and it seems that the market has seen the bottom."

However, some investors were still cautious. A fund manager at Dai-Ichi Mutual Life said there could be investors wanting to sell at higher levels.

Purchases by foreign investors lifted international blue chips. Hitachi climbed Y19 to Y939 and Fujitsu added Y11 at Y820. Interest rate-sensitive, large-capital issues were picked up by domestic investors, with Mitsubishi Heavy Industries firming Y3 to Y643 and Nippon Steel Y3 to Y356.

Nippon Telegraph and Telephone rose Y4,000 to Y702,000, recovering the Y700,000 level for the first time in three days. Financials were also higher, Fuji Bank gaining Y120 to Y2,260 and Nomura Securities Y40 to Y1,530. Oji Paper put on Y11 to Y881 in active trading on expectations that the paper industry will recover at the end of this year.

In Osaka, the OSE average rose 528.55 to 22,723.48 in volume of 131.5m shares. Investors sought high-priced issues, with Nintendo advancing Y550 to Y10,500 and Ono Pharmaceutical Y500 to Y4,870.

### Roundup

RISES and falls were almost equally balanced in the region's markets yesterday.

HONG KONG set its seventh consecutive record as the Hang Seng index appreciated 28.51 to 4,550.72 in turnover up from HK$2.11bn to HK$2.31bn. Properties and banks led, conglomerates registered small advances and utilities were slightly lower.

After an early index retreat of 20 points, shares climbed steadily to an intraday peak of up 40 points before easing after the lunch break.

SEOUL rallied on expectations of lower interest rates, the composite index rising 16.28 to 646.28 in turnover up from Won416.4bn to Won461.9bn. Shares priced below Won10,000, and those with low price/earnings ratios, led the market up, the first category because they tend to belong to smaller companies which are interest rate-sensitive, and the second, seen as undervalued, following a fashion of recent days.

AUSTRALIA weakened on economic worries. The All Ordinaries index closed 15.4 lower at 1,631.5.

BHP fell 14 cents to A$13.74. The company reported that domestic steel sales rose 6 per cent to 186,000 metric tons in December but that steel sales for the seven months to December dropped 14 per cent to 1.8m metric tons.

NEW ZEALAND came under pressure from foreign selling. The NZSE-40 index ended 11.84 down at 1,472.58. Turnover rose to NZ$34.2m from NZ$23.5m.

Telecom was steady at NZ$2.39 on the day's heaviest market volume of 4.4m shares. Fletcher Challenge initially fell to NZ$2.38 before ending a net 2 cents up at NZ$2.45 on the next biggest volume of 3.1m shares. The turnround was triggered by news that the company has signed a lucrative 10-year contract to supply methanol to Japan.

MANILA continued to consolidate last week's gains. The composite index lost 19.69 to 1,281.31 in turnover of 149m pesos, after 163m. Meralco further strengthened, the "A" shares climbing 21 pesos to 162.

BANGKOK balanced profit-taking with heavy buying in two finance issues, and the SET index ended 3.30 off at 772.71 in turnover down from Bt12.5bn to Bt8.49bn.

BOMBAY reached a new closing high of 2,132.82, up 17.11, on reports that the government might allow multinationals to increase their minority stakes to 51 per cent.

# Brazil is ready to perform in glare of the spotlight

## Economic measures have now begun to stimulate overseas investment, writes **Victoria Griffith**

After star performances by other Latin American stock markets over the last few years, Brazil is finally getting its turn in the spotlight. Share prices surged 44.9 per cent in dollar terms in December and 29 per cent this month, catapulting Brazil into first place among emerging markets.

Some observers predict that the country will end 1992 as the world's best performer. Mr Domingo Cavallo, Argentina's economy minister, says: "I think Brazil will take over from Argentina as the top-performing stock market in 1992."

Buenos Aires chalked up the best result last year, rising 392.5 per cent in dollar terms, followed by Colombia, Pakistan and Brazil. Mr Alvaro Vidigal, president of the São Paulo stock exchange, agrees: "Brazil is on the right track economically. At least $1bn will enter the stock market from abroad this year, which will push up prices tremendously."

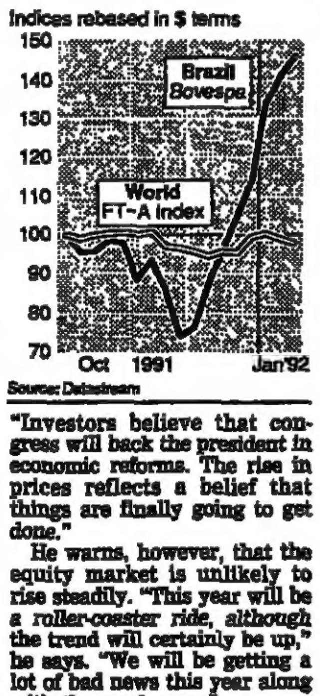
Brazil drew in some $450m in overseas funds in 1991, after opening its stock market in mid-year for the first time to direct investment by foreigners. Initially, investment was restricted to institutions and 77 entered the market last year. But this month, the CVM, Brazil's stock market watchdog, loosened the rules further. Now, non-profit-making bodies, global managers of holdings of high net-worth individuals and other financial entities recognised by the CVM can buy Brazilian equities.

Mr Vidigal's $1bn estimate is conservative, according to some. "Banks are telling me that up to $2bn will enter the country this year," says Mr Ary Oswaldo Mattos Filho, president of the CVM. "And I think their assessment is reasonable."

The opening of the stock market to foreigners is just half of the equation: investors also need a reason to invest. In December, that reason appeared in the form of a standby facility with the International Monetary Fund (IMF).

) Other positive steps, such as tax reform and privatisation, have also pleased investors. "There is a real change in perception about Brazil," says Roger Wright, head of the foreign investment fund at Banco de Investimentos Garantia.

Indices rebased in $ terms



Source: Datastream

"Investors believe that congress will back the president in economic reforms. The rise in prices reflects a belief that things are finally going to get done."

He warns, however, that the equity market is unlikely to rise steadily. "This year will be a roller-coaster ride, although the trend will certainly be up," he says. "We will be getting a lot of bad news this year along with the good news."

Last week, some bad news caused a dip in the index when the IMF voiced its concern over plans to offer pensioners a 147 per cent rise in social security payments. The IMF is worried that the extra cost, which could run into billions of dollars, will prevent Brazil from balancing its budget this year.

To placate the IMF, President Fernando Collor de Mello decreed that the adjustment be paid only in 1993. However, the Attorney General, Aristides Junqueira, declared the move unconstitutional. President Collor has said that if he loses the battle, he will boost income taxes to foot the bill. Yesterday the stock market was steady, after closing at 9,036 on Tuesday, as investors waited for further developments.

Another danger is the formation of an investment bubble, a quick rise in prices followed by a crash. According to Mr Mattos Filho, this would occur if demand for Brazilian equities failed to be accompanied by a rise in supply. "New stock issues are necessary to prevent this from happening," he says. Mr Vidigal believes the exchanges will see a spate of new issues in 1992: "We will see a lot of new paper on the market."

Brazil's performance this year will depend on several factors, most importantly the government's ability to control inflation. Price rises are running at about 25 per cent a month, and many economists expect inflation to stay high for much of the year. Investors will also keep an eye on the privatisation programme, which is an essential part in reducing the federal deficit.

Mr Eduardo Modiano, president of the National Development Bank, which is in charge of privatisation, expects to raise over $3bn this year from selling off state companies.

If Brazil pushes through the economic reforms it has begun, it seems likely that foreign money will keep pouring in. "As the foreigners enter, Brazilians become more interested in the market, and that helps fuel price rises," says Mr Vidigal.

SOUTH AFRICA

TRADING in Johannesburg remained cautious, with activity depressed by news of two large rights issues. The all-share index fell 16 to 3,684, while the industrial index slipped 3 to 4,510. The all-gold index closed 24 lower at 1,303.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | TUESDAY JANUARY 21 1992 | | | | | | | | MONDAY JANUARY 20 1992 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1991/92 High | 1991/92 Low | Year ago (approx) |
| Australia (69) | 147.87 | −1.4 | 121.35 | 115.06 | 121.70 | 131.05 | −1.2 | 4.22 | 150.02 | 124.16 | 117.25 | 124.56 | 132.66 | 160.31 | 112.74 | 119.32 |
| Austria (20) | 169.03 | +0.4 | 137.90 | 130.75 | 138.29 | 139.00 | +0.2 | 2.06 | 167.29 | 138.48 | 130.76 | 138.90 | 138.79 | 222.37 | 153.86 | 181.92 |
| Belgium (46) | 143.32 | +1.5 | 117.63 | 111.52 | 117.95 | 115.58 | +1.0 | 5.10 | 141.27 | 116.94 | 110.41 | 117.29 | 114.44 | 151.20 | 118.04 | 129.96 |
| Canada (115) | 140.76 | −0.9 | 115.52 | 109.52 | 115.84 | 117.57 | −0.7 | 3.14 | 142.09 | 117.62 | 111.05 | 117.96 | 118.37 | 144.26 | 126.49 | 126.70 |
| Denmark (37) | 265.69 | +0.0 | 218.06 | 206.75 | 218.67 | 221.25 | −0.9 | 1.62 | 265.63 | 219.89 | 207.62 | 220.55 | 223.18 | 273.94 | 217.74 | 237.04 |
| Finland (15) | 86.53 | −1.7 | 71.02 | 67.34 | 71.22 | 78.61 | −1.7 | 3.10 | 88.08 | 72.91 | 68.84 | 73.13 | 80.01 | 125.15 | 73.32 | 85.46 |
| France (109) | 152.48 | +1.1 | 125.14 | 118.64 | 125.48 | 129.10 | +0.2 | 3.43 | 150.80 | 124.83 | 117.86 | 125.19 | 128.80 | 152.48 | 119.11 | 132.35 |
| Germany (65) | 120.96 | +2.5 | 99.27 | 94.14 | 99.55 | 99.55 | +1.6 | 2.32 | 118.00 | 97.68 | 92.25 | 97.97 | 97.97 | 125.35 | 94.15 | 109.19 |
| Hong Kong (55) | 186.64 | +0.4 | 153.18 | 145.23 | 153.61 | 186.04 | +0.4 | 4.01 | 185.96 | 153.96 | 145.37 | 154.42 | 185.30 | 186.64 | 119.62 | 123.53 |
| Ireland (18) | 173.71 | +1.0 | 142.56 | 135.17 | 142.96 | 145.56 | +0.2 | 3.44 | 171.94 | 142.33 | 134.39 | 142.76 | 145.26 | 182.46 | 132.86 | 141.09 |
| Italy (77) | 78.48 | −0.2 | 64.41 | 61.06 | 64.58 | 69.86 | −1.1 | 3.30 | 78.64 | 65.10 | 61.46 | 65.29 | 70.64 | 88.23 | 64.76 | 75.27 |
| Japan (473) | 126.00 | +0.1 | 103.41 | 98.05 | 103.71 | 98.05 | −0.3 | 0.87 | 125.82 | 104.15 | 98.34 | 104.48 | 98.34 | 146.97 | 118.23 | 127.81 |
| Malaysia (68) | 223.04 | +0.5 | 183.05 | 173.55 | 183.56 | 230.38 | +0.1 | 2.84 | 221.89 | 183.68 | 173.42 | 184.22 | 230.05 | 247.78 | 189.18 | 198.65 |
| Mexico (18) | 1512.48 | −0.2 | 1241.29 | 1176.91 | 1244.77 | 5065.17 | −0.2 | 1.03 | 1515.97 | 1254.92 | 1184.90 | 1258.68 | 5077.71 | 1515.97 | 534.45 | 557.15 |
| Netherland (31) | 155.74 | +1.5 | 127.81 | 121.18 | 128.17 | 128.77 | +0.6 | 4.26 | 153.44 | 127.01 | 119.93 | 127.40 | 125.98 | 155.74 | 125.70 | 131.36 |
| New Zealand (14) | 46.11 | −1.7 | 37.84 | 35.88 | 37.95 | 45.09 | −1.0 | 6.09 | 46.63 | 38.60 | 36.45 | 38.71 | 45.54 | 54.64 | 41.18 | 44.26 |
| Norway (25) | 191.50 | −0.4 | 157.17 | 149.02 | 157.61 | 161.16 | −1.3 | 1.61 | 192.20 | 159.10 | 150.22 | 159.56 | 163.24 | 223.24 | 157.06 | 167.06 |
| Singapore (38) | 228.29 | +0.5 | 187.36 | 177.64 | 187.88 | 171.69 | +0.5 | 2.03 | 227.10 | 188.00 | 177.51 | 188.56 | 170.90 | 228.29 | 151.63 | 161.67 |
| South Africa (61) | 262.12 | −0.5 | 215.12 | 203.96 | 215.72 | 186.33 | −0.1 | 2.67 | 263.36 | 218.01 | 205.84 | 218.66 | 186.60 | 271.89 | 173.00 | 175.06 |
| Spain (52) | 156.03 | +1.0 | 128.06 | 121.42 | 128.41 | 118.38 | +0.1 | 4.68 | 154.52 | 127.92 | 120.78 | 128.30 | 118.23 | 171.12 | 131.51 | 140.69 |
| Sweden (25) | 186.07 | −1.0 | 152.70 | 144.79 | 153.14 | 158.18 | −1.6 | 2.82 | 187.90 | 155.54 | 146.87 | 156.01 | 160.71 | 204.12 | 146.60 | 163.46 |
| Switzerland (59) | 102.62 | +1.1 | 84.22 | 79.86 | 84.47 | 89.26 | +0.3 | 2.24 | 101.52 | 84.04 | 79.35 | 84.30 | 88.96 | 103.50 | 82.17 | 87.13 |
| United Kingdom (234) | 183.21 | +0.8 | 150.36 | 142.55 | 150.76 | 150.36 | −0.1 | 4.95 | 181.83 | 150.52 | 142.11 | 150.96 | 150.52 | 187.44 | 156.27 | 161.62 |
| USA (523) | 168.06 | −0.9 | 137.94 | 130.80 | 138.34 | 168.06 | −0.9 | 2.90 | 169.69 | 140.47 | 132.63 | 140.89 | 169.69 | 171.56 | 125.95 | 132.82 |
| Europe (813) | 148.69 | +1.0 | 122.03 | 115.70 | 122.38 | 122.83 | +0.2 | 3.92 | 147.15 | 121.81 | 115.01 | 122.18 | 122.58 | 151.52 | 125.50 | 131.92 |
| Nordic (102) | 187.19 | −0.5 | 153.63 | 145.66 | 154.06 | 151.96 | −1.2 | 2.13 | 188.08 | 155.68 | 146.99 | 156.14 | 153.86 | 200.81 | 155.55 | 168.27 |
| Pacific Basin (717) | 128.48 | +0.1 | 105.44 | 99.97 | 105.74 | 101.61 | −0.3 | 1.19 | 128.36 | 106.26 | 100.33 | 106.58 | 101.92 | 145.82 | 117.66 | 127.02 |
| Euro−Pacific (1530) | 136.85 | +0.5 | 112.31 | 106.48 | 112.62 | 110.76 | −0.1 | 2.37 | 136.17 | 112.72 | 106.42 | 113.05 | 110.65 | 147.66 | 121.29 | 129.34 |
| North America (638) | 166.32 | −0.9 | 136.50 | 129.44 | 136.91 | 164.65 | −0.9 | 2.91 | 167.91 | 139.00 | 131.26 | 139.44 | 166.20 | 169.69 | 125.91 | 132.36 |
| Europe Ex. UK (579) | 127.69 | +1.3 | 104.80 | 99.38 | 105.11 | 106.83 | +0.4 | 3.18 | 126.10 | 104.39 | 98.56 | 104.72 | 106.37 | 129.80 | 103.58 | 113.71 |
| Pacific Ex. Japan (244) | 152.89 | −0.4 | 125.48 | 118.99 | 125.84 | 137.60 | −0.3 | 3.86 | 153.49 | 127.06 | 119.99 | 127.45 | 138.07 | 153.49 | 111.40 | 118.90 |
| World Ex. US (1724) | 139.21 | +0.4 | 114.25 | 108.33 | 114.57 | 113.02 | −0.1 | 2.39 | 138.62 | 114.75 | 108.36 | 115.10 | 113.14 | 148.16 | 122.32 | 129.95 |
| World Ex. UK (2013) | 144.54 | −0.2 | 118.62 | 112.48 | 118.97 | 127.83 | −0.5 | 2.31 | 144.84 | 119.89 | 113.21 | 120.27 | 128.53 | 150.58 | 120.06 | 126.82 |
| World Ex. So. Af. (2186) | 147.14 | −0.1 | 120.76 | 114.51 | 121.11 | 129.54 | −0.4 | 2.59 | 147.29 | 121.93 | 115.13 | 122.30 | 130.11 | 153.05 | 122.92 | 129.83 |
| World Ex. Japan (1774) | 160.86 | −0.2 | 132.02 | 125.19 | 132.41 | 148.31 | −0.5 | 3.30 | 161.20 | 133.44 | 126.01 | 133.86 | 149.03 | 161.90 | 126.69 | 132.26 |
| The World Index (2247) | 147.90 | −0.1 | 121.38 | 115.09 | 121.73 | 130.06 | −0.4 | 2.59 | 148.06 | 122.56 | 115.73 | 122.94 | 130.62 | 153.70 | 123.28 | 129.91 |

Latest prices were unavailable for this edition.